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ADDRESSES, STATEMENTS AND REMARKS BY THE SECRETARY

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I have looked forward to this gathering -- and the opportunity to meet and talk with old friends among farmer cooperatives.

I feel at home here. I grew up on a farm where we talked about cooperatives and worked to make them work. Much of my life since has been spent working with cooperatives. This is familiar ground to me.

It is said that the measure of what someone thinks about you is not what he tells you, but what he tells other people about you. I have often said that cooperatives have made a great contribution to American agriculture. And one of the most important contributions is the great depth of leadership that they supply to rural America. The cooperatives involve people. They work at information gathering, marketing, budgeting, managing, buying, promotion, raising capital, hiring, legislation, and a host of things that develop well-informed, articulate, effective leadership among farm people all across rural America.

This encourages participation in local government and support for good government and fiscal responsibility. This leadership has helped make this country great and it is one of the great assets of this nation that is needed even more than ever now that we move ever farther from a rural-oriented society to a more unsettled urban-oriented society.

This is the first chance that I have had to be with you since President Nixon asked me to take on what he described as one of the toughest jobs in Washington. I'm glad he said that, because it's good to know that he understands how tough it is. He said he wanted a vigorous spokesman on behalf of Agriculture. I intend to be just that. I aim to fight for farmers.

Remarks by Secretary of Agriculture Earl L. Butz at the annual meeting of the National Council of Farmer Cooperatives, Phoenix, Arizona, Wednesday, January 12, 1972.

I will be looking for your help and advice and leadership in dealing with the real opportunities that exist in agriculture and in rural America. We could call them "real problems," but I'm optimistic; let's call them opportunities.

I know that you'll be there where the opportunities are. The Council's history is one of distinguished service to agriculture--of working for better markets, fair farm prices, and larger exports. Over the years, you have held a clear and consistent view of what it means to be able to sell U.S. farm products in the world economy. You understand what that means to farmers in increased opportunities for income. You understand what the lack of foreign outlets would mean to overproduction; and what it would mean to tightened controls on farmers. And you understand that you have to be competitive to sell overseas.

I appreciate the support that you have given to the Administration's trade objectives, which are designed to help farmers. These objectives can be stated simply: We seek to expand U.S. farm exports to the maximum--to assure U.S. agriculture a full share of world market growth. I intend to fight for access to world markets for U.S. farmers. We also seek to join with other nations to reverse the unfavorable trends of the past decade--trends that encourage uneconomic production and discourage market growth. I intend to argue against that within this government and at every international negotiation where the Department of Agriculture is represented.

May I say to you that I believe in trade. I believe in it, not only as an economist, but also as a believer in the American system, and as a partisan supporter of the American farmer. I think you feel the same way.

In the year ahead, this nation and the other major trading nations of the world have a glowing opportunity to set the international community on a new course -- toward a system in which the people of the world benefit fully from their growing expertise and ability to produce. This can happen only when each country has the general freedom to trade those commodities it is best able to supply. And it can happen only when people and governments understand that wealth comes from producing something. And producing something is the result of somebody working.

Either the world's trading nations will succeed shortly in setting new directions, and keep looking outward, or they may find themselves on a toboggan of declining world trade. We have been through that before in our history, and we all lost, as I'm sure you will agree.

We are disturbed that in recent history, in 1962, the European Community began to merge the farm programs of its member countries into a Common Agricultural Policy that became inward looking. That development, though not the only protectionist influence in the world, can fairly be cited as a landmark in the modern trend toward regionalism, discrimination, and national self-sufficiency -- all at the expense of an outward looking, expansionist trade system. And at the expense of American farmers who can produce efficiently and competitively for world markets. And at the expense of farm cooperatives who can serve farmers by selling in those markets.

Now we move into 1972 -- after a decade of uncertainty in the shadows of the protectionist actions in Europe and elsewhere. The signs are

all about us that the time is ripe for changes in the world trade system.

--The European Community is being enlarged to include new nations.

--The world monetary system is undergoing major reforms.

--U.S. trade relations with the Soviet Union are being expanded along with efforts to open doors to Mainland China.

Each of these is a pressing issue; each is full of new opportunity. And each is important to the future of world trade, to the future of American agriculture and to the future of this nation and all the world's people.

This country's farmers have a tremendous stake in export markets. The production from one cropland acre in four goes into export. One out of every seven dollars of farm income comes from the export market. Wheat farmers ... and soybean farmers ... export one out of every two bushels they harvest.

Further, the entire U.S. agricultural plant is built on a scale that assumes major export sales. The grain-feed-livestock-poultry complex in this country -- accounting for three-fourths of all gross farm income -- is closely tied to world trade.

Look at soybeans: If we didn't have an export market for soybeans and soybean products, the crop we harvested last fall would carry us for two years. Half of that crop would become carryover, and we wouldn't need to plant any soybeans in 1972 -- in fact we couldn't afford to. Farmers would have to find another use for 45 million soybean acres. What would it be?

Consider grains: This year, we are seeking a set-aside of more than 50 million acres under the wheat and feed grains programs -- to strengthen prices and balance supplies. This is a large set-aside, and it is expensive. But it is necessary because of the combination in 1971 of larger plantings, light corn blight damage due to a record dry and cool August, and an extraordinary growing year. Yet without exports we would have to cut grain production by another 35 to 40 million acres -- 90 million acres in all -- or suffer the consequences. Think of what those consequences would be to the farm economy, and to our national economy.

I want you to know that American agriculture is--and I will personally see that it continues to be--a major consideration in this Administration's foreign economic policy. Never before has the government paid so much attention to the farmer's place in world trade policy. You are aware, I'm sure, that agriculture has had strong representation in high policy councils on trade:

--Farmers were well represented, by your organization and others, at last year's Congressional hearings on trade and investment policy.

--Farmers had strong representation on a Presidential Commission that completed a major trade study last year. Your Executive Vice President, Ken Naden, performed valuable service as one of the agricultural members.

--Farmers have had vigorous spokesmen on U.S. delegations to the GATT, the Organization for Economic Cooperation and Development, and the recent monetary conferences.

As a result, American agriculture's vital interests are better appreciated than ever before -- in Congress, in this Administration, in foreign capitals, and among our own farmers and business people.

In major part, it is the leadership of President Nixon himself that has brought agriculture's trade interests into the forefront of public awareness and international concern. I would list seven initiatives of the President and this Administration that shape and make possible our effort to create an open trading world ... and to maintain and expand the U.S. farmer's overseas markets.

1. The first initiative of this Administration is to develop a market-oriented domestic farm program.

The Agricultural Act of 1970 recognized exports as the major growth factor in U.S. agriculture. Congress, in its wisdom, gave strong bipartisan support to that legislation. It recognized that U.S. export commodities must be allowed to compete if American farmers are to win, and keep, their share of market growth. The 1970 Act, and the programs it authorized, were designed to accomplish this while protecting the farmer's income and giving him a degree of management freedom in farming that he hasn't had for a long time.

I sincerely hope that the U.S. Senate will reject a bill now before it that would abandon those goals, wreck the good work it did in 1970, and scuttle the set-aside program. This would be a fit of short-sighted partisanship in an election year. Farmers deserve better. That proposal would drastically cut farmers' exports of grain and cotton. It would create enormous surpluses to hang over farmers' heads, and form a dismal ceiling over farmers' prices and opportunities. Haven't we had enough of that?

Some say that this bill has an appeal to a candidate who wants to tell voters: "I voted for a 25 percent rise in the price support loan." But should the bill pass, what would that candidate say in a year or two to a farmer who asks, "What happened to the sale of my farm products; what happened to my prices; and what happened to put me back in the stifling grip of tight production controls?"

2. The second initiative of this Administration is to expand trade with Eastern Europe and the Soviet Union.

The President's action last summer to lift the old fifty percent shipping requirement, and getting maritime unions to accept that change, led directly to the recent breakthrough in agricultural trade with the Soviet Union. It made U.S. farm products competitive in the Soviet Union. It led to a large commercial feed grain sale to Russia in November. Now there is the real possibility of additional sales of grain, and soybeans as well, to the Soviets as they strive to increase production of livestock and poultry products to give their people the diets that they are demanding.

When Minister of Agriculture Matskevich was in this country last month, he called on me and talked of increasing the animal protein level in the Russian diet by 25 percent. Even a more modest gain than that would require the Soviet Union to import feed grains and soybeans or meal -- and I told him that we are ready to sell. In the case of soybeans and meal, this country is the only large supplier and ready trader in the world market. That's not a bad spot to be in--and we got that way with an expansionist, market-oriented program for soybeans which is just the opposite of the principles of the bill now before the Senate.

In addition to the recent purchase of U.S. grains, the Soviets also obtained a sizable shipment of U.S. cattle, following a buying mission to this country last summer. Also, they are planning two additional purchasing missions to the United States beginning this month. One will be to look at U.S. breeding cattle. The other will look at more general subjects.

3. The third initiative of this Administration is to work toward normal trade relations with Mainland China.

The President's decision to visit the People's Republic of China -- on top of his action to end the 21-year embargo on nonstrategic trade -- is a historic move toward more normal relations between the two peoples. As the President said, "...there can be no stable and enduring peace without the participation of the People's Republic of China and its 750 million people."

New relationships will have to come gradually. Nevertheless, the Chinese have in recent years been buyers of wheat; they also import considerable quantities of cotton. We expect that these buying patterns will extend through this decade. If we can remain the world's largest exporter of wheat and cotton, we can hope that in time we might be able to make some sales to the People's Republic of China. This is turning a problem into an opportunity.

4. A fourth initiative of this Administration is to encourage exports through new tax incentives.

Congress has now passed the Administration's innovative program to assist export firms through Domestic International Sales Corporations (DISC). This program, which should be particularly attractive to smaller enterprises, provides a tax break to exporters who set up such corporations. The DISC would provide a tax advantage similar to that available through a foreign subsidiary -- but without the expense of a foreign subsidiary.

The extent that farm exports benefit under this program will depend on the interest that agricultural firms take in the program, and how aggressively they make use of it. I would recommend that farmer cooperatives investigate the DISC program to see if they can use it to assist in developing markets overseas for their members.

5. A fifth initiative of this Administration is to eliminate unfair exchange rates.

President Nixon last August announced a gold float and a 10 per cent surcharge on imports. His action was directly responsible for the recent realignment of currencies. This is good for the country and it is good for farmers. The purpose was to get an adjustment that would increase the relative price of our imports and reduce the relative price of our exports. This will tend to reduce U.S. imports, expand exports, and bring improvement in this country's balance of trade. All of which we need, I think you will agree.

For a long time, the official monetary exchange rates had been badly out of balance. They no longer reflected actual relative values; most major foreign currencies were undervalued in relation to the dollar. Currencies have now appreciated substantially in relation to the dollar, which should bring significant long-term benefits to U.S. exports.

6. A sixth initiative of this Administration is to work out better trade relations with the European Community.

We are working hard to bring about better trade relations with the European Community as it enlarges. Trade negotiations are taking place now, as one outgrowth of the recent Washington monetary conference. Beyond that, we are looking toward a general negotiation, under a provision of the General Agreement on Tariffs and Trade. This will all take hard work and hard bargaining -- and I want you to know that we are burning the midnight oil to do just that.

That negotiation, probably this year, will consider existing tariff concessions and conform these concessions to the new situation that will exist in light of the enlargement of the EC. We will bring to this negotiation those rights which we have previously negotiated with the EC, the U.K., and the other EC applicant countries -- rights which we hope can be used to preserve our trading position. Article XXIV of GATT provides that duties and other trade regulations imposed by a customs union should be no more restrictive than those applied by the member countries prior to formation of the union. We intend to follow that through.

We believe that the goals of the EC can be accomplished in a way that does not burden the rest of the world with the cost of EC farm programs. There are ways to deal with the Community's farm problems, without interfering with the rights of other countries and without abandoning a world trading system that has been a long time in building.

7. A seventh initiative of this Administration is to keep the ports open so our farm products can move.

The Administration has used every legal means to keep U.S. ports open in the face of dock strikes that are extremely harmful to agriculture. The docks were closed down first on the West Coast -- then at East Coast, Great Lakes, and Gulf Ports -- right at harvest time. The strike cut 10¢ a bushel from corn prices with a record harvest to move. The Administration pressed for Federal injunctions to keep the longshoremen at work. Now, with 80-day injunction periods ending or having ended, the Government is powerless to act in the best interest of the nation and farmers. A small band of men have cost farmers a billion dollars in income.

Two years ago this Administration proposed legislation to enlarge the President's authority to deal with crippling strikes in the critical area of transportation. Without this additional authority, there is nothing that President Nixon can do about these stoppages, once the 80-day injunction periods expire. While farmers suffer, the new legislation languishes in committee. Committee and party leaders who shed crocodile tears over the family farm have stood idly by while this small band of men tightened the noose around the neck of family farmers. I am sure that you join me in calling for these Congressional leaders to rise out of their indifference, pass this legislation, and do something constructive for the family farmer.

I said in the beginning that our foreign trade goals are simple. But achieving those goals will involve many complex matters -- many of them far from the farmer's usual daily concerns. But the stakes are high. They will require your leadership to stay tuned to the national and international issues that involve so directly the farmer, the farm family, the family farm and the farm community.

May I assure you that this Administration will be fighting by your side to give vigorous support to farming and the objectives of opportunity, human dignity, a strong community life, and a level of farm income that is fair and rewarding.

We in the Department of Agriculture are proud to be joined in this effort along with farmers and their cooperatives.

We are going to make a special effort in that regard in working with family farms. Family farms are the backbone of our food and fiber system; they are the architects of our rural social values; they are responsible for a productivity per man that is unmatched by American industries and is the envy of the nations of the world.

Our family farms are wary of the threat of large conglomerate firms that enter farming and benefit from lower interest rates, easier access to capital, marketing advantages, and various measures to reduce Federal income tax costs. Today I am announcing a special program that will come to the aid of family farmers.

I will establish several marketing teams to initiate a crash program on the marketing problems of family farms and to investigate ways to improve the tax structure for family farms. I will ask these teams to find new and improved methods of marketing that will increase farm income. I will ask them to pay special attention to increasing farm exports. I will ask them to work with State Universities, farm groups, cooperatives, industry and businesses.

I will ask these teams to report to me by late summer of this year. I hope that you will join with us in this special effort to bring together the expertise and the leadership across the country on behalf of the family farms of the nation.

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I want to say that I am very pleased to be able to meet with you. Not everybody is pleased about that; but I am. Some Senators back in Washington, D.C. aren't especially enthusiastic about my being here. They took a vote on it last December 2, and several of them voted that they didn't think I should come.

Of course, this wasn't exactly an unbiased vote. Seven of those who opposed me are, or were, candidates for President this year. Those seven were among those who were most vocal that I shouldn't be here today. They didn't hesitate to say so in the press. I believe they thought the campaign had started right then at my confirmation hearing.

Needless to say, I am very pleased that you invited me to the 22nd annual meeting of the National Association of Wheat Growers. There's something solid about being among farm people, which I appreciate. For a commodity that is older than the Bible, this meeting about wheat is a pretty good indication of its staying power. Nobody has yet found a real substitute for the staff of life. Hardly anything could be more basic in our lives. And nothing is.

This holds true of farming, too; and of farmers. It's the most basic industry of all; and the most honorable. There's nothing that this Nation needs more vitally than your food -- and the virtues and strengths that come from farm living and farm people.

Remarks by Secretary of Agriculture Earl L. Butz before 22nd Annual Meeting of the National Association of Wheat Growers, Denver, Colorado, Wednesday, January 12, 1972.

But being basic doesn't mean that you don't change. You do; if you don't, you often aren't basic anymore. You are just a page in the history books. People read about you instead of look at you. I've termed this "adapt or die."

Some politicians get awfully upset about that statement. After the fuss that was made over that statement--"adapt or die"--at my confirmation hearing, people came around to take a second look to see whether I had horns.

But instead of reading about you in history books, I'm glad to look at you today and to know that you are changing; you are adapting; and therefore you have an excellent chance of staying around. The gleaning that Ruth did in Biblical days is a far cry from the combines that sweep across American wheat fields today...discharging their big loads into trucks that haul the grain over slabs of concrete highways to skyscraper elevators...from which the wheat moves on strips of steel rails to terminals...where it is loaded on huge ships that steam their way back to the Holy Land from halfway around the world. You've changed.

Ruth lived on a family farm, yet she couldn't have dreamed about the capital and the acreage that it takes to support a family wheat farm today. You do know what it takes. A family farm--the kind that a family could farm 40 years ago with a team of horses hitched to an old twine-tying binder--is a far cry from the family farm that a family can operate today with self-propelled combines. Yet 95 out of 100 farms today are family farms where the farmer and the family make the majority of the labor and management decisions.

You know what it takes to meet the expenses of today's family farms. So do I. Yet what a fuss the changing size of family farms causes among some politicians, as it did at my confirmation. I want you to know that I don't make any excuses for knowing what acreage it takes for a family farmer to make ends meet on a farm today -- and I don't think you should, either.

Some politicians act as if they think the Lord is still making land, and that if a family farmer wants to get more acreage to stay in business and make ends meet, that all he has to do is just order up some new land from the Lord. Some politicians act as if they don't know that one of the main ways that family farms get larger and stay alive is for them to buy some land from somebody else who is leaving farming--and that means that fewer farmers will be in the business. As much as we regret that, have you ever met a farmer who needed more land and passed up buying the place next door because there'd be one less farmer if he did?

Farm consolidation has been going on since Biblical times. You'll recall that Boaz announced to the elders and all the people, "You are witnesses this day that I have bought from the hand of Naomi all that belonged to Elimelech and all that belonged to Chilion and to Mahlon." And you'll recall that in the bargain, Ruth, Naomi's daughter-in-law and the widow of Mahlon, came along with the land. It's a little different now. Still, they say that one of the best ways to acquire farmland today is to marry it.

Ruth gleaned and ground the wheat and baked right at home. If Ruth wanted to sell a little wheat, no doubt a trader would come by and she could trade for some salt, perhaps. She didn't have to worry about whether her wheat showed up as a breakfast roll over in Damascus. But your wheat in Kansas or Colorado really isn't worth very much unless it does show up as a nice fresh breakfast roll in front of a secretary who stops off for a roll and cup of coffee on the way to work in New York City.

You aren't going to bake that roll at home and carry it to New York City every morning. A whole new structure--which some people call agribusiness--puts that roll on the counter in New York City. You know that, and I know that; but what a furor agribusiness causes at some political gatherings. Some politicians act as if they don't know that your wheat has to be shipped, milled, baked and retailed--and that you are too darned busy to do it yourself.

Now that doesn't mean that we are satisfied with what agribusiness and the marketing system pays us for our farm commodities. You're not satisfied; I'm not; and I'm going to do everything I can to help see that you get paid more.

I'll continue to fight for more money for wheat farmers, and other farmers, as long as per capita income of farm people is less than the per capita income of urban people. We're making some progress. During the last three years, the average per capita disposable income of farm people has been 75 percent of the level for urban people; the previous 8 years it was 68 percent of the level for urban people. I don't know why I should particularly pick those years, but they do indicate that we are making progress. But I won't be satisfied until the income of farm people is fully on par with the income of city people. Personally, I think farm people deserve more. You deserve to be paid fully for your labor and for the sizeable investment that you have in your farms.

Now if we could take a look at Ruth a final time, we can see that she didn't have some other worries that wheat growers have today. She didn't have to worry about shipping in American bottoms, or the dollar float, or the Common Agricultural Policy of the European Economic Community, or mixing regulations, or the International Wheat Agreement, or convertibility of currencies, or the balance of trade, or parity, or the national wheat allotment, or over-production, or the boxcar shortage, or the dock strike.

But you do have to be concerned about those things, and that's why you have a National Association of Wheat Growers. And that's why I'm here to talk with you a few minutes about some things that we can do together.

1. One is promotion and research to expand wheat markets in this country and abroad.

When this National Association of Wheat Growers was formed 22 years ago, one of the moving forces was your determination to build larger markets and create more profits for your members. Through this and other wheat organizations, you did pioneering work to promote the sale and use of wheat around the world. You did it with the help of PL-480 funds.

Today, I'm pleased to announce another cooperative step to help build your markets. The Department of Agriculture has approved the Annual Plan of Operation submitted by the National Wheat Institute to carry out the Wheat Research and Promotion Act. This will put \$2 million to work for research and promotion.

Who knows what research results that might trigger. It is not beyond reason to hope that this research might eventually develop major new food and industrial uses of wheat to greatly expand domestic markets.

Last year, President Nixon took action that made possible a large sale of grain to Russia. The President is now in the middle of bold diplomatic initiatives that could open up new foreign outlets for wheat and feed grain. The President has supported a domestic food distribution program for hungry and needy people that has more than quadrupled in the first three years of this Administration. These actions, and others, underscore the President's determination to eliminate hunger and to move farmers and ranchers toward that share of the nation's affluence that they so richly deserve.

2. The second thing that we can work on together is controlling inflation.

Nobody knows better than you that in the mid 1960's when the Viet Nam War began to heat up to a fever pitch, this Nation got caught in a wicked spiral of inflation. Through the late Sixties, you saw our economy take on all the characteristics of a runaway train, the throttles frozen full open, the brake hoses hanging limp, and the train careening into the 1970's faster than the tracks could safely handle. This train, our economy, was headed for a crackup on a curve too sharp for the ties to hold or on a trestle that wouldn't stand the vibration of runaway inflation.

You, more than anyone else, have been hurt by this inflationary binge. You are doubly hurt by this squeeze--first, by the squeeze on your income after you pay your mounting production costs; and second, when you try to stretch your squeezed income to pay for the higher costs of family living. It seems that whenever costs go up, farmers pay.

I know that you appreciate that this Administration has had a difficult job. You have been a witness to the challenge the President faces as he tries to slow the speeding train gently without the brakes locking and tearing up the track, while still getting the runaway inflation under control.

The President's moves both to wind down the Viet Nam War and to institute Phase I last August and the present Phase II of inflation control, I believe were welcomed by farmers. I hope that we can all join to make this difficult and delicate job of inflation control a reality so that we can get on with sound, healthy growth in our economy. This will be especially helpful to farmers. If we can stop the inflationary rise in farm costs, then an improvement in farm prices will be twice as effective.

3. A third opportunity for us to work together is to get a better system for handling transportation tieups and dock strikes.

I think that you will join me in a ringing declaration of principle that when farmers have nursed a crop through the perils of weather, disease, and insects--and get that bounty of food ready for harvest--with a farmer's sweat and toil and worry and entire income for the year represented in that harvest--that that crop should be free to move to market.

One of the problems is a perennial boxcar shortage. On Monday, I sent a letter to Secretary of Transportation Volpe requesting that he use all the powers that he has with the Nation's railroads to see that we have enough boxcars to move this year's wheat harvest.

You'll be pleased to know that Secretary Volpe is seeking authority from the Congress to design a national freight car management system so that any railroad should be able to schedule cars for its customers and deliver them on time. In addition, he is proposing a \$3 billion loan insurance program to stimulate freight car purchases. This legislation went to Congress on November 4, 1971.

A second major problem: the recurring, irresponsible dock strikes. Since last July 1 when the present dock strike tieups began, the dollar value of wheat and flour exports has fallen by at least \$100 million from the same period a year earlier. That has been taken out of your price; it is money out of your pocket.

That immediate loss is bad enough, but infinitely worse is the loss of future wheat markets as foreign buyers turn to other suppliers and establish commercial relationships that will be hard to break.

These shipping tieups in recent months have knocked 10¢ per bushel from corn prices during heavy harvest; and 25¢ a bushel from soybeans.

We estimate that the prolonged dock strikes, where a handful of labor union leaders have strangled our farm exports, have cost farmers a billion dollars in gross income. Farmers are innocent bystanders who have gotten a bloody nose from somebody else's fight. I think that this is a crying shame; and I believe that you deserve something better--not only from labor leaders, but also out of this Congress.

We need a better system to deal with transportation tieups. The 80-day cooling-off periods invoked by President Nixon through the Taft-Hartley Act on the West Coast, East Coast, and Gulf ports have either expired, or soon will. The Administration is left with no power to use on your behalf. In 1968-69, Atlantic and Gulf ports were tied up for more than 100 costly days after the expiration of the Taft-Hartley cooling-off period.

This Administration has had an Emergency Public Interest Protection Act, S. 560, before Congress since Feb. 28, 1970--almost two years. It would provide a sensible plan for dealing with dock strikes after the Taft-Hartley cooling-off period. This bill should be voted out of committee and through the Senate. And I think that you'd welcome that, too.

4. Another opportunity for us to work together is to improve the opportunities for family farms.

Family farms are the backbone of our food and fiber system; they are the architects of our rural social values; they are responsible for a productivity per man that is unmatched by American industries and is the envy of the nations of the world.

However, farm families don't live just between the fence lines. They are active participants in the community schools, churches, local governments, community recreation and other activities. And sometimes members of the family want to work off the farm at least part of the time.

In 1971 off-farm work brought \$17.8 billion into farm family homes for the use of family members in having a better life. This has grown from \$14.7 billion 3 years ago--a billion dollars a year.

This Administration is committed to helping farm life on both sides of the fence lines with an active Rural Development program that will help farm income first and then stimulate private economic activity in the rural towns and communities of America. The Department of Agriculture has a major part in that, and I will do whatever I can to see that more of the future economic growth in this Nation takes place in countryside areas. I hope that you individually, and collectively through your organizations, will join in making this one of your commitments.

I invite you to join me in a special program that I am announcing today to come to the aid of family farmers. I am establishing several marketing teams to initiate a crash program on marketing problems of family farms and to investigate ways to improve the tax structure for family farmers. I will ask these teams to find new and improved methods of marketing that will increase farm income. I will ask them to pay special attention to increasing farm exports. And I will ask them to work with State universities, farm groups, cooperatives, industry, and businesses.

In a further effort to increase wheat growers' income and to strengthen family farms, I announced on Monday of this week a program to make additional government payments to wheat growers for voluntary retirement of wheat acreage above the set-aside in 1972. This year's wheat payments could run from \$175 million to \$200 million higher than the 1971 level.

The significance of the voluntary acreage diversion program goes far deeper. You will not have to be concerned about crop failure on these acres, and you will have increased ability to use the set-aside for an additional grazing period in certain areas.

Since the wheat program for 1972 was originally announced last summer, some things have happened which require a sharper restraint on production. The jump in spring wheat yields to a level 25 percent higher than the preceding five-year average was one development; another is the almost certain drop in wheat exports due to the dock strike.

This voluntary acreage diversion program will help meet the basic problem of agriculture's capacity to overproduce. The plan will treat all classes of wheat equitably...no special favors or exceptions. The uniformity of application helps assure that plantings of spring wheat will be below last year's levels.

5. Last, let's talk frankly about the present wheat program and the Farm Act of 1970.

In 1950, when this Association was formed, it took about 34 hours of labor to produce 100 bushels of wheat. Today, it takes about 10 hours. The average yield in 1950 was 17 bushels; in 1971 it reached 33.8 bushels, a new record for the third year in a row. We haven't reached the end by any means, and we do have a continuing problem of adjusting production to our market outlets.

Over the years we have gone through strict controls, cross compliance, and penalties for overplanting. Winter wheat was already in the ground when the 1970 Farm Act was passed. The value of the 1971 crop, plus price support payments, is expected to exceed \$3 billion--\$400 million higher than for the 1969 and 1970 crops. Wheat certificate payments in 1971 were the highest on record.

The year 1972 will be the first full year of application of the 1970 Farm Act for wheat. The wheat program signup brought the greatest participation of wheat growers in history. It also brought a new freedom for wheat farmers to make managerial decisions on their farms. One aspect is that under new loan provisions farmers can use wheat under loan to make forward sales with local warehousemen.

We can draw some conclusions from what has already happened under the greater freedom of the '70 Act. About 85 percent of the Nation's eligible base acres and allotments were enrolled in commodity programs last year and made major cropping changes. Over a period of years these farms have made cropping changes involving 60 million acres. A substantial part of this shift came in 1971 as a result of the Agricultural Act of 1970.

Let's take a closer look at 1971: More than a third--35 percent--of all farms with wheat allotments planted very little wheat. They had allotments of 1.6 million acres and planted only 6 percent of that amount--106,000 acres. They chose instead to raise corn, grain sorghum, cotton, oats, and soybeans.

Illinois had 31,630 farms with a total of 130,000 acres of wheat allotments, and these farms planted only 3,000 acres. North Carolina had 28,280 wheat farms with allotments of 45,652 acres; and wheat was produced on only 875 of these farms.

But Kansas had 109,000 wheat farms and 78,564 of these planted more than 200 percent of their domestic allotment--and 20,000 farms planted more than 300 percent. Yet 10,442 farms with small allotments in Kansas, planted practically no wheat, choosing instead to plant corn, grain sorghum, and soybeans.

In Oklahoma, 70 percent of its 34,000 farms with grain sorghum bases planted virtually no sorghum last year. Instead, they planted wheat, cotton, barley, oats, rye, soybeans, and some corn.

The 1970 Farm Act is allowing farmers to specialize in those crops that offer the best opportunities. It gives farmers more freedom to make their own decisions, to manage their farms to the best advantage, to produce for the most profitable markets--to adapt and stay dynamic and flexible. That is what the set-aside approach is all about.

Therefore, I ask you to look with the most careful and critical eye at the price support and reserve proposals in Congress that would curtail those freedoms, have the Government make your management decisions, shrink your foreign market outlets, guarantee that price-depressing reserves will hang over the market, bring the return of strict acreage controls, have you rely on the ever lessening certainty that favorable political decisions will be made for diminishing numbers of farmers in the future, and hasten the prospect that wheat growing would become a regulated food utility with consumer boards deciding what your prices and your prospects will be.

I hope that you will approach that with all the cold reality that it deserves as you assess its consequences on your long-time future.

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U. S. DEPARTMENT OF AGRICULTURE

SECRETARY BUTZ ANNOUNCES NEW MARKETING TEAMS:

PHOENIX, ARIZ., Jan. 12--Secretary of Agriculture Earl L. Butz today announced that he is establishing several marketing teams to marshal the Nation's "expertise" to improve farm prices and net farm income.

In a speech at the annual meeting here of the National Council of Farmer Cooperatives, Secretary Butz said that marketing teams will be formed on a commodity by commodity basis to study agricultural marketing problems and recommend action.

The teams will be composed primarily of experts from U.S. Department of Agriculture agencies; however, Land Grant Colleges and other universities, State Experiment Stations, State Departments of Agriculture, and farmers will be involved. This effort is designed to bring together a wide range of experts to concentrate their expertise on specific problems in a practical way. The commodities to be studied under this team approach will be announced soon.

Secretary Butz said, "These teams will work on a crash basis to develop new and improved methods of marketing that will increase farm income. I will ask them to pay special attention to increasing farm exports, and to investigate ways to improve the tax structure for farmers. These teams will report to me by late summer."

The Secretary announced that Dr. Jerome Siebert will serve as his special assistant to coordinate this new marketing effort. Dr. Siebert will report to the Secretary through Assistant Secretary Richard Lyng.

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I want you to know how pleased I am to be with you in Kansas today. It means a great deal to me, because this is a great agricultural state. Your agriculture and related activities are the state's leading industry, accounting for about \$6 billion of this state's economy each year. And wherever you go in the world, you are Mr. Wheat.

But there's something about Kansas that you can't measure in dollars or in a tangible sense. It's the leadership that this state has given the Nation. I can't think of anything more descriptive of the valiant pioneers than the vision of a pioneer Kansas farm woman standing by a sod hut in the early days of the western settlement of this country. She was the mother of the Nation, the defender of the home, a teacher of the children, and a full partner of her husband farmer in every sense.

And I can't think of anything more indicative of the leadership of this Nation, and its resolute strength, and its warmth, and its heart than that Great American, President Dwight D. Eisenhower. He was a Kansan first, but you must share him with the Nation and the world. It was my privilege to serve with President Eisenhower as Assistant Secretary of Agriculture and that was a highlight of my life.

And there was William Allen White--Mr. Newspaper Editor; Senator Arthur Capper--Mr. Farm Magazine Editor; and Cong. Clifford Hope--Mr. Agriculture.

There is Alf Landon, the voice of the prairie and the Nation's conscious, and Frank Carlson, popular leader. And now there is Senator Dole, articulate spokesman in the Senate, a man of valor and courage, and leader of the Republican Party.

It means a great deal to me to be invited here. This is the first state meeting that I have had an opportunity to attend since I became Secretary. You see, I am only 6 weeks old as Secretary of Agriculture--just a baby. And for a while, I didn't think I was going to get born in the Senate.

I think you have a right to know what I stand for as Secretary of Agriculture. I can sum up my goals quickly; and if any of them are your goals, too, I hope we can help each other achieve them.

1. First, I am for farmers having higher incomes.

The average income of farm people is only three-fourths of the average income of urban people. I won't be satisfied until they are fully equal.

Consumers and city people are in favor of fair wages and salaries--and I believe they want farmers to have a fair return on their labor and investment, too.

You are producing a miracle of abundant, wholesome food for this Nation and for an ever smaller part of the take-home pay of the Nation's workers. If American consumers were spending the same percent of their take-home pay for food as they did 20 years ago, they would be spending in the range of 40 percent more--\$40 billion more--for farm-produced food per year than they now do. Between 1969 and 1970 a typical American family paid \$47 more for its yearly "market basket" of food--and the farmer's share of that went down \$4. Who else in the economy is settling for that? Who else is making this saving for consumers? Who else is making that much of a contribution to the control of inflation?

Yet those facts often aren't told adequately. I intend to tell the story from one end of this country to the other so that these facts can be better understood and appreciated.

The day after I was sworn in as Secretary of Agriculture I announced a program to buy corn. Corn prices were too low, suffering both from a record harvest after a threatened disaster from corn blight miraculously turned into a bumper crop--and suffering from the dock strike, which knocked 10¢ a bushel from farmers' corn prices right at harvest time. We are making some progress with our purchases, resale program and other measures. Corn prices at Chicago averaged \$1.01 on Nov. 17 and Monday of this week they averaged \$1.22. You have seen a strengthening at Kansas country points, too.

In another effort to bolster farm income, I announced on Monday a program to make payments for additional voluntary wheat set-aside acreage in 1972. Kansas wheat farmers face a potential record wheat harvest this year; the dock strike has paralyzed your markets; and you need help. This is vital to the economy of Kansas. And I intend to help you.

2. Second, I am in favor of your farm products being able to move to market at harvest time.

Year after year, wheat farmers face a boxcar shortage at harvest. On Monday I wrote a letter to Transportation Secretary Volpe asking him to use all the power that he has with the railroads to see that you have boxcars to move the 1972 wheat harvest. And I intend to follow up on this.

You'll be pleased to know that Secretary Volpe is seeking authority from the Congress to design a national freight car management system so that any railroad should be able to schedule cars for its customers and deliver them on time. In addition, he is proposing a \$3 billion loan insurance program to stimulate freight car purchases. This legislation went to Congress on November 4, 1971.

I think one of the real tragedies for farmers is the present long, shameful dock strike that has strangled your farm exports for much of the time since last July 1. In the year ending last June 30, Kansas exported \$392 million worth of farm products--\$240 million of wheat and flour; \$61 million of feed grains; \$18 million worth of soybeans. Kansas and North Dakota furnish more than a third of our Nation's exports of wheat and flour. Since the crippling dock strike hit last July 1, the dollar value of wheat and flour exports has plummeted by at least \$100 million from the same period a year earlier. That is money out of your pocket. And money out of the economy of Kansas.

For nearly 2 years this Administration has had an Emergency Public Interest Protection Act before Congress that would deal realistically with dock strikes after the 80-day cooling-off period of Taft-Hartley expires. Senator Bob Dole is co-sponsor with Senator Griffin of Michigan of this bill. The majority party in the Senate is in control of the progress of this legislation, and I am genuinely sorry to say that the majority party has been twiddling its thumbs while the noose of the dock strike tightened about your neck and took money from your pockets.

I have appealed to the majority party in the Senate and in the House to pass this legislation; and I call upon these Senators and Congressmen once again, from here in the heart of the farmland of Kansas, to move this legislation immediately in the interest of the family farms of America.

3. I am in favor of more farm bargaining power.

I stand solidly behind the right of farmers and of farm cooperatives to bargain with handlers and processors over prices and terms of sale for those farm products sold on advance contracts.

We need a better legal climate for cooperative bargaining that provides a mutual obligation of processors and qualified bargaining associations to bargain in good faith with respect to commodities sold under contractual arrangements.

Often farmers are in a position where they have only a few buyers; where there is no longer competitive bidding on large central markets; and where production is contracted for in advance. Frequently, the only market is a processor and the only price is a grower's contract. In this new marketing atmosphere farmers have a right to have some "say" over prices and keep some control over their businesses. And I intend to help them get it through reasonable bargaining legislation.

4. I am for rural development and economic growth in the countryside.

Farmers and people in rural towns have a right to enjoy good schools, adequate health care, decent and comfortable housing, recreational opportunities, dependable water and power, jobs, and good community services. These should be built on a foundation of strong, local, private economic activity that will generate and sustain the growth and vitality to make this possible.

I believe that more of the Nation's future economic growth should take place in rural areas, where we have the best chance for clear air, clean water, open spaces, and a good life. President Nixon joins me in that, and this has long been one of the goals of Senator Pearson. We will be working on that together.

I was pleased to announce last week that the President has directed that an additional \$109 million be released for Rural Electrification Administration loans this fiscal year--and that an additional \$107 million will be released later on this year to bring more power to rural areas.

I also announced last week the release of an additional \$55 million for the Rural Environmental Assistance Program to carry out needed conservation and environmental protection measures in rural areas.

And two weeks ago we announced a pilot program in 10 states to help create more opportunities to hike, fish and hunt in rural areas.

5. I am in favor of family farms and opportunities for young farmers.

I grew up on a family farm; I have worked with family farmers all my life. They are the architects of the kind of rural family living and principles of a decent society that this Nation needs more than ever.

I am for small farmers and young farmers having the chance to grow into economic farm units that will keep up with times--so that they and their growing families can live as well as others.

We are concerned about conglomerate firms that enter farming and benefit from lower interest rates, easier access to capital, marketing advantages, and various devices to reduce their income tax costs. Yesterday, I was pleased to announce a new program that will come to the aid of family farmers. I am initiating a crash program with marketing to work on the marketing problems of family farms and to investigate ways to improve the tax structure of family farmers. I will ask these teams to work with State universities, farm groups, cooperatives, industry and businesses and report to me by late summer.

We must find alternatives to the heavy burden of taxes on farm land, here in Kansas and all across the country. Property tax laws need to be re-examined; and assessments should be in relation to the use of the land. Property is no longer a measure of the ability to pay; and this is placing an unbearable burden on farmers.

You can see that quickly by looking at Kansas farm real estate taxes in 1960 and in 1970--and comparing that with Kansas realized net farm income in 1960 and 1970. In those 10 years, Kansas farm real estate taxes increased 176 percent and the realized net income of Kansas farmers increased only 14 percent. That puts it very clearly.

6. I am in favor of sound farm programs to help agriculture and the Nation.

This Nation has never hesitated to call on the vigor and resources of American farmers when we needed help. Farmers responded in World War I and World War II when we needed all-out production for the war effort. Farmers then fed the world while it healed its post-war wounds. Farmers have never turned the Nation down, nor slowed down. American agriculture has consistently led the Nation in productivity growth per man hour as it sought its rewards from hard work, resourcefulness, innovation, and ingenuity.

One of our problems is to gently hold a check-rein on our tremendous productive capacity in agriculture, while still preserving as much freedom as possible for farmers to make their own management decisions; while preserving our markets at home and abroad; and while preserving for farmers the rewards for individual initiative and enterprise.

I'm sure that people understand that our Nation's factories seldom run at capacity, and that the cost of that reserve capacity is carried in the price of the manufactured products that you buy. And the 40-hour week doesn't represent the full working capacity of the Nation's work force; but that reserve, too, is built into the wages paid for labor. So I hope that people will understand the need for the land set-aside program in agriculture to carry our reserve capacity and maintain this precious resource for the days ahead when we will need it.

7. I am in favor of a new spirit of adventure in agriculture.

As the former Vice President of the Purdue Research Foundation, I have faith in research--which is a search for discovery.

We need to develop more markets for wheat and wheat products. And we need to find new uses for wheat.

We need to expand our markets for corn and grain sorghum.

We need to protect, expand, and develop our livestock industry.

We need to find new and even better ways to farm; to control insects and diseases; to conserve water; to cut crop and livestock losses; to cut harvest costs; and to market our farm products.

Yesterday, I announced a new agreement between the Department of Agriculture and the National Wheat Institute to approve the use of funds for wheat research and promotion. This will put \$2 million to work on research and promotion.

One of the fine efforts to find more profitable uses for a product is being done right here in Kansas. I refer to the joint effort of the Kansas Association of Wheat Growers, the Kansas Wheat Commission and the Far-Mar-Co., Inc. laboratory at Hutchinson to find new and profitable uses for wheat in foods, medicines, cosmetics, and a variety of industrial uses.

8. I am for controlling inflation in this country.

Inflation is a vicious thief. When unchecked, it steals the buying power of our money; it makes us less competitive in international markets; it erodes confidence; it leads to economic catastrophe; and it is a special burden on farmers.

Inflation pushes farm production costs ever higher; diminishes net farm income; and then raises the cost of family living for farm people.

I'm sure that you appreciate the President's new economic policies of Phase I and Phase II to deal with this problem.

9. Last, I am for maintaining a Department of Agriculture in the Cabinet of the United States Government.

I am sure that you are delighted with President Nixon's decision on November 11 to retain a Department of Agriculture in his Cabinet streamlined to concentrate its attention on the interests of farmers and ranchers.

I will do what I can to make this Department of Agriculture work for you and serve you. I will welcome your advice and help along the way.

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Broughton 388-5208
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NEWS

U. S. DEPARTMENT OF AGRICULTURE

NEW PEST MANAGEMENT PROGRAM TO HELP FARMERS ANNOUNCED:

WASHINGTON, Jan. 14--Secretary of Agriculture Earl L. Butz today announced a broad new pest management action program and an expanded research program to help farmers control pests more economically and effectively. At the same time it will reduce the amount of DDT and other chemical pesticides currently being used.

The new program provides for a combination of chemical, biological and cultural pest control techniques as well as long-range pest control research. This should enable farmers to reduce pesticide use in 1972 and later years.

The program will be conducted jointly by the U.S. Department of Agriculture, the National Science Foundation, and the Environmental Protection Agency, in cooperation with State Departments of Agriculture, and State Agricultural Experiment Stations and Extension Services.

"We are well aware of the need to continually examine our methods of pest control and make modifications when possible. This program will help farmers develop integrated control techniques for protecting crops and livestock from insects and diseases while reducing farmer's production costs and protecting the Nation's consumers from increased costs for food and clothing," Secretary Butz said.

"The program will have other benefits. It will help protect the environment from the effects of currently used pesticides, as well as protecting farmers, farm workers and their families, and the public from the possibly harmful effects of more toxic materials that might be used as substitutes for DDT or other chemicals."

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The initial pest management program effort will be directed toward cotton because of the amount of chemical pesticides currently required to control cotton pests, the mounting ineffectiveness of some of these insecticidal chemicals and their side effects on beneficial insects and the environment. Later the program will be broadened to include insect pests affecting other agricultural crops.

The accelerated pest management program generally calls for assessment of pest population levels by organized scouting programs, selective use of pesticides, placing greater reliance on beneficial insects, utilizing special cultural practices, and in the case of the cotton boll weevil, applying insecticides late in the growing season to control the population of the diapausing weevils--a period in the fall when the weevils' development is interrupted.

Cotton is grown on about 11 million acres in 19 States, and is subject to attack by more than 130 species of insects or spider mites. The boll weevil alone infests over 8 million acres in the cotton belt, with annual losses exceeding \$200 million. Currently, cotton producers must make 10 to 20 pesticide applications annually at a cost of \$15 to \$35 per acre to control these pests.

Under the new program, on-the-farm pest management efforts which have previously been field-tested in a number of cotton producing areas will be expanded. A total of \$2,250,000 in existing funds has been allocated by the USDA to this phase of the program in 1972. It is expected that each of the pest management activities will be financially self-supporting at the farm level three years after initiation of the program. This would allow reallocation of the funds to pest management programs for other crops.

In addition to the on-farm phase of the program, a total of \$3.5 million will be allocated in 1972 to expand the research needed to field test new pest control and detection techniques, and to develop the tools necessary for initiating still other methods of control. Of these funds, \$1.7 million will be provided by USDA, \$900,000 by the Environmental Protection Agency, and \$900,000 by the National Science Foundation.

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U.S. Department of Agriculture
Office of the Secretary

You have asked me to say something about parity and farm prospects in 1972. The figures on parity are well-known, as you and others watch for the figure each month.

Parity is important, but there are some important things which parity doesn't measure, and there are other very useful measurements besides parity that indicate how farmers are doing:

Such as income--which is what farm people have to spend.

Average income per farm--which indicates how much the average farm has to spend.

And average income of farm people compared with the average income of non-farm people--which measures how well farm people are doing in relation to non-farm people.

Now for a look at agriculture's prospects in 1972:

Farmers are going to have more income in 1972 than they had in 1971.

Farmers will take in at least \$2 billion more gross income in 1972 than in 1971--an increase of about 4 percent. This will make total gross income from farming above \$60-1/2 billion in 1972--the highest ever. That's gross income--which is only half the story.

Remarks by Secretary of Agriculture Earl L. Butz at Press Club luncheon, Washington, D.C., Jan. 14, 1972, 1:30 p.m. (EST).

Farmers in 1972 will spend about \$1 billion more than in 1971 on production goods, although with Phase II of the President's economic program, farm expenditures will rise less than in recent years. Our indications in the Department of Agriculture point strongly to an easing of the upward rise in farm costs.

Farmers' realized net income from farming in 1972 will be about \$1 billion higher than in 1971, at around \$16.7 billion--the third highest in history. It would also mean that farmers' realized net would average \$16.2 billion for the four years, 1969 through 1972--compared with \$13.8 billion from 1961 through 1968. That's progress; but it's not good enough.

It's not good enough because the per capita disposable income of farm people is still only about three-fourths as much as the disposable income per person of non-farm people. It has averaged 75 percent over the last three years. That is better than the 68 percent average of the preceding eight years.

In 1972 the average income per farm from farming will be the highest on record--an average of about \$5,900, or nearly \$500 higher than in 1971. That will mean that the average income per farm from farming for the four years 1969-72 will be about \$5600--an increase of 37 percent over the previous eight-year average. Still, this is not good enough. Farmers are a long way from getting the average factory wage for their labor and the average percentage return on their business investment.

City people want fair wages, and the businessman wants a fair return on his investment. I think that they want farmers to have a fair return, too. We have quite a ways to go before farmers do that well. And I intend to do all that I can to see that they make progress towards that goal.

We would like to see farmers do better so that more of them will find enough opportunity to be able to stay in agriculture. The average decline in the number of farms during the last three years is 47,000 per year. That is considerably better than the average loss of 106,000 farms per year in the preceding eight years. But it still isn't good enough.

In 1972 farmers will take in more money from livestock, due mainly to somewhat higher livestock prices than in 1971. Farmers might take in a little less money than in 1971 from the sale of crops--but this will be more than offset by higher government payments as we try to work down our grain supplies.

You are familiar with the fact that industries seldom run at full capacity. Yet the cost of carrying the excess capacity is built into the prices that you pay. And the 40-hour week isn't the full working capacity of people (ask any farmer), but that is built into wage rates and product prices. Government farm payments are the compensation to farmers for carrying and conserving an excess capacity--which we will very much need in the years ahead.

Government farm payments in 1972 will be higher mainly to help feed grain farmers run their "factory" at a slightly slackened pace.

You'll recall that in 1971 corn was threatened with the biggest disease scare in the history of the crop. The year before, the 1970 corn crop was forecast at a likely 4.8 billion bushels on July 1. During August and September of 1970, a new corn disease--southern corn leaf blight--plus drouth, cut the corn crop by 15%--to 4.1 billion bushels.

Corn is a vital crop to all of us, because it is the main grain that is used to produce our meat, milk and eggs. Corn is the main ingredient standing behind your diet. Just as it is the main ingredient standing behind the supplies at the Press Club bar.

You'll recall that at corn planting time in 1971, blight spores had over-wintered and were widespread across the entire country. Farmers knew that the right combination of wet, hot weather in August could cause a disaster to the 1971 corn crop. An extremely short grain crop would make it costly to hold livestock herds together. On March 1, last year, farmers indicated that they'd plant 4.3 million more acres of corn than in 1970. But in May they ended up planting 7.5 million acres more. Then during the critical month of August, the weather turned into a combination of the driest and coolest on record in main corn growing areas. This arrested the blight, and instead of the 71.7 bushel per acre yields of 1970, we got 86.6 bushels per acre, and a record corn crop of 5.5 billion bushels last fall.

You probably didn't realize it, but in 1970 you had 20 bushels of corn per person standing behind your diet; and this year 27 bushels. That difference has been hard on corn prices. Farmers would appreciate it if you would eat more this year.

I said on November 11 at the White House when President Nixon introduced me as the designate for Secretary of Agriculture that corn prices were too low. On November 17 corn was \$1.01 per bushel at Chicago. Farm prices were generally 10¢ to 15¢ below that--with the average U.S. farm price in November at 97 cents.

The day after I was confirmed, we announced a corn-buying program. Earlier, the Department of Agriculture had announced that farmers could hold their 1969-70-71 corn under government loan reseal until May 31, 1973. That reseal is a reserve of grain that is held in farmers' hands--and they make the decision to hold or sell, not the government. This, and other measures, have permitted corn to climb to \$1.21 per bushel at Chicago yesterday. Prices have also strengthened at country points. The average U.S. farm price in December was \$1.08.

Now to hit a few other commodity highlights for 1972:

DAIRY: Milk prices on the farm averaged the highest in history during 1971; and we expect dairy prices to be slightly stronger in 1972--with dairymen taking the largest gross income from dairying ever. Of course, costs are higher, too--and anyone who has milked cows knows that dairymen aren't overpaid at today's prices.

SOYBEANS: The 1971 soybean crop was the largest ever and prices from last September to next October will average about \$3 per bushel--which is up 15¢ from a year earlier, and the best in more than 20 years. Soybean prices were \$3.01 per bushel at Chicago yesterday and the futures price for January 1973--a year from now--was \$3.01. This gives farmers an opportunity to lock in those prices now if they wish.

HOGS: Hogs brought \$22.85 per hundred at Omaha yesterday--\$7 per hundred higher than a year ago, and the futures prices for live hogs next fall are running around \$25 per hundred.

BEEF CATTLE: Choice steers were \$34.90 per hundred at Omaha yesterday--\$6 higher than a year ago--and futures prices for live cattle next fall are running between \$32 and \$33 per hundred.

COTTON: Cotton brought 34-1/2 cents per pound at Memphis yesterday--which is 9-1/2 cents per pound higher than a year ago. Futures for next winter are running around 33 cents per pound, and farmers can contract ahead in that price range if they'd like.

The result of all this means that consumer food prices will be slightly higher in 1972 than in 1971, but disposable personal income will rise much more substantially--reducing the percent of disposable income that people will spend for food to around 15-1/2 percent from the 16 percent in 1971.

If American consumers were spending the same percent of their take-home pay for food as they did 20 years ago, they would be spending in the range of \$40 billion more for food per year than they now do.

Between 1969 and 1970 a typical American family paid \$47 more for its yearly "market basket" of food--and the farmer's share of that went down \$4. Who else in the economy is settling for that? Who else is making this saving for consumers? Who else is making that much of a contribution to the control of inflation?

I make no excuses for the fact that I am a strong advocate of the farmer--and with good reason. And we've been doing some things about that during the last six weeks:

We increased the rice allotment by 11 percent in response to a greater need for rice exports.

We released \$55-1/2 million for the 1972 Rural Environmental Assistance Program to help farmers conserve land and water and enhance the environment.

We released \$109 million in REA loans to expand power in rural areas and help Rural Development in the countryside.

We announced an additional voluntary wheat acreage set-aside that will help put \$175 to \$200 million more payments in wheat farmers' hands, and improve wheat prices.

We announced that we are forming special marketing teams in a crash program to help farmers increase their incomes.

We announced a pilot program in 10 States to develop more recreational opportunities for farm families and non-farm people in rural areas.

We approved working plans for the National Wheat Institute that will put \$2 million to work on wheat research to find new food and industrial uses for wheat.

Now I would like to announce a new program today that is of significance to farmers, to urban people and to the Nation:

We will proceed immediately to implement a broad new pest management action program and expanded research program to help farmers control pests more economically and effectively--while at the same time reducing the amount of DDT and other chemical pesticides currently being used.

This program provides for a combination of chemical, biological and cultural pest control techniques as well as long-range pest control research. This should enable farmers to reduce pesticide use in 1972 and later years. The program will help farmers develop integrated control techniques for protecting crops and livestock from insects and diseases while reducing farmers' production costs and protecting the Nation's consumers from increased costs for food and clothing.

The program will have other benefits. It will help protect the environment from the effects of currently used pesticides, as well as protecting farmers, farm workers and their families, and the public from the possibly harmful effects of more toxic materials that might be used as substitutes for DDT or other chemicals.

The program will be conducted jointly the U.S. Department of Agriculture, the National Science Foundation, and the Environmental Protection Agency, in cooperation with State Departments of Agriculture, and State Agricultural Experiment Stations and Extension Services.

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OFFICE OF THE SECRETARY OF AGRICULTURE

BUTZ CALLS EMERGENCY MEETING ON DOCK STRIKE:

WASHINGTON, Jan. 21--Secretary of Agriculture Earl L. Butz announced today that he has invited leaders of farm organizations and commodity groups to an emergency meeting in Washington, D. C. on Wednesday to "review the seriousness of the Nation's dock strikes and the effect on farm exports and farm income."

Secretary Butz made the announcement in a speech given today to the American National Cattlemen's Association in Denver, Colorado.

"This is a serious emergency for American farmers," Secretary Butz said. "We are losing valuable farm export sales every day, and farmers are losing essential income that they need.

"We are also losing foreign customers for the future. Foreign buyers are getting very impatient and are losing faith in our ability to deliver vital food and farm products. Understandably, these foreign nations are reluctant to have their economies so highly dependent on American farm products if we can't deliver. They are even now developing alternative sources of supply for the future," Secretary Butz said.

"I'm sure that the farmers of the Nation applaud President Nixon's reference to the West Coast dock strike in his State of the Union Address when he said, 'This Nation cannot and will not tolerate that kind of irresponsible labor tie-up in the future.' Farmers know that these strikes depress farm prices and farm income. They see it every day. And farmers know that shrinking foreign outlets in the future would call for more rigid controls on farm production and costlier

(more)

Government farm programs. Farmers have enough trouble already without bearing the brunt of such intolerable tie-ups in transportation," Secretary Butz said.

The Secretary said that invitations to farm groups went out Friday. The meeting will be held at the Department of Agriculture in Washington, D.C. at 9:30 a.m., Wednesday, January 26.

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For Release 10:30 P.M. (EST), Jan. 21, 1972

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It's a great privilege to join with you tonight, and I want to thank you for asking me back to your annual meeting.

The last time I had this pleasure was in 1961 at Salt Lake City. Little did I realize then that some of the observations I made in those days would be so well remembered by certain people when I was recently confirmed as Secretary of Agriculture.

I have no apologies to make for speaking frankly about agriculture's problems and opportunities during the years after I served President Eisenhower as an Assistant Secretary of Agriculture. I hope I may always speak out to the best of my ability on behalf of farmers and agriculture. I plan to do that vigorously. I believe that the best way to make progress is for all of us to look squarely at a situation and deal with it forthrightly.

You make it easier for me to do that tonight, because cattle people have always dealt with their own problems and opportunities very realistically. I feel especially honored to be with you as you mark your important milestone, ANCA's 75th anniversary.

I also deem it a particular privilege to be present when you are being honored by the distinguished Newcomen Society of North America, a rare distinction indeed. I am told that this marks the first time in the Society's history that a national trade association has been singled out for such recognition.

So you have my warmest congratulations. This kind of honor is earned only by demonstrated leadership, by the acceptance and fulfillment of responsibility, and by outstanding service to the people of America.

Address by Secretary of Agriculture Earl L. Butz before the 75th anniversary meeting of the American National Cattlemen's Association, Denver, Colorado, Jan. 21, 1972, 7:30 p.m. (MST).

We of the Department of Agriculture are well aware of the tremendous achievements and contributions of the American cattle industry. We are of course gratified that the cattle business shines as one of the brightest spots in the agricultural economy.

I saw that this week cattle prices in Omaha reached the highest level in 20 years. We can say two things about that: First, it's about time In a day when other prices have been escalating on every turn of the clock... and average wages are more than double what they were 20 years ago...and when people get their food for less than 16 percent of their take-home pay, compared with 23 percent 20 years ago...isn't it about time that beef cattle prices got back up to the level of 20 years ago?

Secondly, your prices are at these levels because you are producing a wholesome, delicious, appetizing, satisfying, nutritious, and improving product that people want. Beef has gone into the rough competition of the market place and has won for itself an increase in per capita consumption from 56 pounds 20 years ago to 115 pounds today. That's a 100 percent increase--and no one should lose sight of the fact that the beef industry has increased its total output of beef by 13.3 billion pounds, or 150 percent, in that 20 years. This is a remarkable record of productivity.

Self-Help Leadership

Particularly do we applaud the efforts of this Association over the years to help beef cattle producers and feeders make sound decisions to keep the cattle business economically healthy and vigorous. Your success is vital to the very strength of the Nation--the well-being of millions on millions of consumers who like, want, and need to eat good nourishing beef.

In your own self-help efforts, you have made your Cattle-Fax program one of the finest tools any farm group ever devised to help individual producers make management and marketing decisions crucial to their business. The Cattle-Fax program is tangible proof that you are helping set the pace in voluntary undertakings that apply greater intelligence and know-how to the task of evolving more sensible marketing techniques for cattle.

We share your hope that Cattle-Fax will grow in success and scope. You are pointing the way to practical self-help which farmers and ranchers need as the marketing situation becomes more and more complex. As time goes on, there will be an ever greater need for better marketing information and keener expertise.

In these days when the Congress seems increasingly reluctant to legislate farm programs, it only makes sense for farmers and farm organizations to focus attention on working out more sophisticated techniques for farm management and farm marketing as a way to improve farm income. The Department of Agriculture stands ready to help.

That was what was behind the announcement last week that we were forming special marketing teams to work with farm groups. I have asked these teams to go out in different parts of the country and initiate a crash program on marketing problems of family farms. They will give special attention to improving the tax structure for family farmers, and means of increasing farm exports. They will work with State universities, cooperatives, farm groups like ANCA, industries, and businesses in efforts to develop new and improved ways to increase farm income.

America's cattlemen have led the Nation in championing the philosophy of maintaining as much freedom as possible for farmers to make their own decisions and manage their own farms for the best money-making opportunities. Current programs under the 1970 Farm Act stress maximum freedom for farmers. We have moved away from the old rigid controls and penalties that farmers disliked. This has been done in the spirit of self-reliance that cattlemen exemplify so well.

Voluntary Acreage Diversion

The aim of the present Agricultural Act is to help compensate farmers for carrying and conserving an excess productive capacity--which will be needed in years ahead--without going back to the strict, rigid production controls of the past.

Lest any cattlemen become alarmed by the reference in the announcement made January 10 to permit livestock grazing on the additional wheat set-aside, let me clarify the picture. We announced nothing more than what is already permitted or has been routinely done under the Agricultural Act of 1970. Grazing has been permitted on a seasonal basis, principally in Winter Wheat States, pursuant to recommendations of the State ASCS offices.

The wheat program is not an attempt to encourage more cattle production. We fully appreciate that if there should be too rapid expansion of the cattle population now, this would cause major supply and price problems three, four, or five years from now. On this point, let me repeat the cautions that ANCA and other authorities have sounded against over-feeding and a too rapid build-up of animal weights.

There is another advantageous aspect of the new wheat set-aside that we should note. The wheat grazing provisions could spread out the supply of available feeder cattle this spring and avoid serious bunching problems like those that occurred a couple of years ago. We consider your position to be quite good and want to do nothing to jeopardize it.

Reasonable Import Balance

Our concern for the beef industry is further illustrated, of course, in our negotiations on beef imports and restraint levels for 1972. We hope that the Department of State will complete the negotiation details soon. The 1972 program is designed to follow the pattern of arrangements that have been carried out in recent years.

This year, as in 1971, we are continuing the prohibition on transshipments through Canada of beef originating from Australia, New Zealand, and Ireland. The transshipment ban is needed for a new restraint program to work properly.

In my judgment, the beef import arrangement is a sound one, both in light of national policy considerations and the economic interests of your industry. The present import arrangement strikes a reasonable balance. It represents producers' rights to a competitive market at home. It provides consumers with adequate supplies. At the same time, it recognizes our respect for historical trade patterns.

Looking to the Future

Looking ahead, a number of matters are seen coming up that will be of important concern to agriculture generally and to the cattle industry. Some might call them problems, but people like you have the spirit to turn them into opportunities.

Whatever they may be--questions of grazing fees and tenure, pesticides, the predator situation, pollution abatement, DES and antibiotics, marketing and pricing problems, and all the other issues you have to contend with--we in the Department of Agriculture intend to do all we can to help you tackle them as opportunities. We intend to speak out on your behalf on these matters. That's one of the jobs that I took on when I became Secretary.

My hope is that those of you who graze herds on Federal lands were pleased with the announcement on January 3 that grazing fees will be increased only 3 percent per animal-unit-month for 1972. This decision was based on supporting the President's Economic Stabilization Program. By adjusting grazing fees on Forest Service lands to this limited extent, many producers will be enabled to do a better job of holding the line on ranch operating costs this year.

Within days after the grazing announcement came out, the Administration was criticized in the press for "subsidizing" ranchers. That kind of criticism, emanating from an editorial desk back East, displays a lack of full understanding of your costs and risks. Perhaps organizations such as yours can do more to explain the facts of life to the public regarding the best economic use of our precious land while wisely conserving that resource for future generations.

Legislative Developments

Let's take a moment to look ahead at what might take place on the legislative front:

Grazing tenure. I realize that there is considerable concern about tenure of grazing on National Forest lands and fees for that privilege. I am also aware that your Association is sponsoring legislation aimed at resolving these questions, by working a fee formula into the statute and eliminating the need for administrative decisions. While the Forest Service is not yet involved in the legislation, I assure you that we are interested in it and will keep a close eye on developments. I am advised that no position has been reached as yet, one way or the other, with respect to the amendments you are seeking to the Taylor Act--no final decision has been made.

Farm bargaining. I have commented that I am in favor of proposals to establish a better legal climate for farm bargaining. The concept is a sound one, in my opinion. In today's complicated marketing atmosphere where power is concentrated on the buying side, farmers and ranchers have a right to have some "say" over prices and terms of contract, and to keep some control over their own businesses. We are talking about marketing that is done on advance contracts with the processors. Let me emphasize that when this kind of bargaining authority is strengthened, it will still be up to the producers of specific commodities to decide whether to use its coverage. I recommend that you take a good look at all aspects of this legislation as it develops; see what it offers; and keep an open mind about its potential benefits for the long-term future.

Prices and reserve. The proposals to increase wheat and feed grain price supports and create a Government-owned grain reserve may be well-intended but they aren't in farmers' own best interests. This bill would signal the return of tight controls on farmers to hold supplies and Government costs in line. It would harm our exports. And it would be a reversal of our efforts to maintain greater management freedom for farmers in running their own business.

Transportation. A good part of our present grain price and over-supply problem stems directly from the prolonged dock strikes. Dock workers first went out on the West Coast last July 1; the strike continued for 100 days; the President invoked Taft-Hartley which was in effect for 80 days; and now the strike has resumed. It's tragic, and it's intolerable, that a small band of labor leaders quarreling among themselves can cripple a Nation and do so much harm to farmers. I fervently hope that responsible citizens such as you here tonight will demand that Congress act swiftly to give the President the additional power he needs to deal with transportation and dock tie-ups.

Plea for Responsibility

Several other legislative items deserve mention: pesticides, proposals to curb conglomerate farms, efforts to stimulate the expansion of farm exports, and others. These are matters that the Congress will consider and decide. But there are also problems--or opportunities--that you can do something about, since they rest primarily in your hands.

I am thinking, for example, of the mandatory DES certification program. Excellent cooperation exists between the Department of Agriculture and ANCA on the issue of animal drugs and other agricultural chemicals. The DES program had some initial difficulties getting off the ground and getting understood around the country, and it now looks as though we are approaching the time when those problems are becoming resolved.

You understand full well the need for rigid self-discipline by every cattle producer and feeder, with regard to the use of DES. Quite frankly, if some feeders are not fully aware of the public reaction to what would happen if the 7-day certification rule is abused, they ought to be concerned, and you should make it your business to see they are concerned.

The DES program depends on the reliability of those who are certifying. Laxness on their part could stir up public clamor to upset the whole program, either through extremely severe limitations or its very elimination.

The challenge is on your industry to be as clean, as careful, as diligent in the proper use of DES as you possibly can be, down to the last man. This is a critically important situation, where the thoughtlessness of a few can jeopardize all and bring incalculable harm to a great industry.

The Fight against Inflation

This Nation is engaged in a battle against inflation, and I'm sure that you join in the President's efforts to bring inflation under control.

Farmers and ranchers have much to gain. They have been double victims of runaway inflationary trends that simultaneously pushed up farm production costs and the costs of farm family living.

It was the recognition of the special plight of farmers and the recognition that prices received by farmers had not contributed to inflation, plus the realization that farm productivity per man-hour leads the Nation's major economic groups, that led to the President's decision to exempt raw agricultural products from the price freeze.

Price changes for agricultural products are highly visible, of course--produce and meats are usually the first items housewives see when they go into the supermarket.

I want to use this platform and this opportunity to remind the consumers of America of this country's long history of better-than-bargain farm prices.

I want to remind them that even if consumer food prices are slightly higher in 1972 than last year, disposable personal income will rise much more substantially. This will reduce the percent of disposable income that people will spend for food to around 15 1/2 percent from the 16 percent in 1971.

If consumers were spending the same percent of their take-home pay for food in this country as they did 20 years ago, they would be spending in the range of \$40 billion more for food every year than they do now.

Between 1969 and 1970 a typical American family paid \$47 more for its yearly "market basket" of food--and the farmer's share of that went down \$4. Who else in the economy is settling for that? Who else is making this kind of saving for consumers? Who else is making that much of a contribution to the control of inflation?

When beef prices rise at the store counter, it's because people want beef. The prices reflect demand, and that's the way our economy is supposed to work.

And even if the dollar and cents figures are particularly visible, let consumers realize what has really happened. Our total meat industry, from producers all the way through to retailers, has performed so well that whereas two decades ago, in 1950, the average U.S. factory worker could buy 1.9 pounds of round steak with one hour's pay, in 1971 his hour's work bought 2.6 pounds. For 60 minutes' work in 1950 he bought 1.9 pounds of rib roast, and 3 pounds last year; 2.5 pounds of hamburger in 1950, 5.3 pounds in 1971.

Some of us still remember vividly what took place during war years when the Government took on the job of food price control...the black markets...the inequities...and all the other headaches.

I say, let the Nation guard against going back to those days. And let farmers' prices and cattlemen's prices find their fair, rightful level.

The Nation is on the road to lasting economic recovery--solid recovery. That road starts on the farms and in the countryside of America. Let's never forget it.

For A.M.'s, Jan. 22, 1972

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STATEMENT OF THE HONORABLE EARL L. BUTZ
SECRETARY OF AGRICULTURE
BEFORE THE
SPECIAL SUBCOMMITTEE ON LABOR
OF THE
HOUSE COMMITTEE ON EDUCATION AND LABOR
February 1, 1972

Dock Strikes and American Agriculture

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before this Subcommittee and to discuss with you a matter of the greatest urgency. The West Coast dock strike is of the most serious concern to all of us having responsibilities in agriculture. It is of the deepest interest to every American farmer.

As a result of the various dock strikes in 1971--the West Coast, the East and Gulf ports, and the Port of Chicago -- the farmer's exports have been reduced by almost three quarters of a billion dollars below comparable periods in the preceding year. That is a simple total of the reduced exports for the affected ports during the strike periods.

The situation would have been still worse--much worse--except for the Taft-Hartley injunctions that the President was able to obtain at all ports at different times. As of now, however, the 80-day injunction obtained for the West Coast has expired. This leaves the President without recourse either in the courts or in Executive action, and it is for this reason that he has asked for special legislation, H.J.R. 1025, to end the West Coast strike and submit the dispute to arbitration.

I might remind the Subcommittee that the President, almost two years ago, requested legislation to deal with transportation strikes -- the Crippling Strikes Prevention Act. As recently as last

December 15, he again asked for action on that bill. Now, since no legislation has been forthcoming, he has asked for emergency legislation to deal with a specific strike.

The strike is an emergency for agriculture. Historically, exports make up a major part of the farmer's market. In recent years, a great deal of work has been done by farmers and their leaders to expand this outlet--so that our agriculture and our Nation may benefit from our farmers' tremendous productive ability. Now, this market--and these gains--are being cast away by a small group of men who care nothing for farmers--in a dispute where farmers are not a party and have no voice.

This is the way it looks to me as a partisan of the American farmer. And this is the way it looks to the farmer, who has plenty of problems of his own without being victimized in someone else's argument. He thinks he has a right to look to his Government for fair treatment in this matter, and I agree with him.

Unless there is action by the Congress at this time, our agriculture is going to be hurt in the pocketbook every day that the strike continues. Moreover, the American farmer is going to be damaged further in terms of his future as an exporter--his reputation as a world supplier.

This is all very, very serious to an agriculture which has been exporting the product of one cropland acre out of every four. It is even more important to those farmers--soybeans and wheat, for example--who have been exporting one bushel out of every two that they produce. The export market is essential to the continuation of agriculture on the

scale that we know it in this country. Let's make no mistake about that.

In order to maintain this export market, our agriculture must have a fair chance to compete. With work stoppages in all our deep-water ports, as occurred in 1971, our ability to compete is severely restricted. One of the United States' major advantages in foreign trade is its traditional reliability as an overseas supplier every month of the year.

Not only did last year's dock strikes jeopardize that reputation, but their effect continues into the current year as our competitors continue to fill contracts that were negotiated during those strikes. No wonder farmers are concerned by a renewal of the work stoppages at West Coast ports. No wonder they are looking to Washington for relief from this strike.

West Coast

The short run impact of the dock strikes last summer and fall on agricultural exports is now apparent. The 100-day West Coast dock strike which began July 1, 1971 and was interrupted October 9 by a Taft-Hartley injunction reduced agricultural exports from the West Coast during the June-September period from \$288 million a year earlier to \$73 million in 1971.

Moreover, this coincided with the harvest of one of the largest wheat crops in the history of the Pacific Northwest. At the peak of harvest over 30 million bushels of wheat were on the ground due to a lack of transportation caused by the dock tieup. Some of this wheat suffered quality deterioration.

The 100-day strike and the threat of a continuation have created uncertainty in the wheat market. Based on purchases by the Japanese Food Agency, the U.S. farmer's share of this market for the March-December period fell from 55 percent to 40 percent. U.S. losses of sales are in the neighborhood of 25 million bushels valued at \$40 million, and this loss continues to build. On January 19, the day after the West Coast dock strike resumed, the Japanese purchased 8.7 million bushels of wheat for March-April delivery; yet only 1.6 million bushels were purchased from the United States.

Other Far Eastern countries are looking to other sources of supply. A Korean tender for 110,000 tons of barley off the West Coast was recently cancelled due to the strike, and this barley has been purchased from Australia.

Korean imports of U.S. wheat in July-December 1971 were only 17 million bushels, compared with 28 million bushels in the same months the preceding year. The most affected varieties were hard red winter and soft white. The Koreans have purchased their needs from Australia.

Taiwan's imports of U.S. wheat in July-December 1971 were only 5.0 million bushels, compared with 12.4 million bushels the year before--a decline of almost 60 percent. In western soft wheat alone, the decline in U.S. sales to Taiwan was from 5.4 million bushels in July-December 1970 to only 1.6 million bushels the same months of 1971.

Thus wheat exports were the largest casualty of the 100-day strike, although other commodities were affected too, particularly fruits,

vegetables, rice, cotton, and livestock products. Even those commodities that succeeded in reaching foreign markets did not represent a total plus.

Of those commodities which did move about one-half were fruits and vegetables and other non-bulk commodities. Lemons were flown to Japan, and fruits and vegetables were moved overland to Gulf and Canadian ports. Some Oregon seed producers were forced to ship overland to New York City to insure that their contracts would be met with foreign buyers.

The results of these costly diversions were less than encouraging. For example, two shipments of raisins and one shipment of prunes arrived in the United Kingdom contaminated by insects. The shipments have been investigated and the infestation was found to be directly attributable to the required diversionary hauls.

There is normally a constant flow of tallow from renderers to markets. The West Coast dock strike rapidly backed up exports and filled the limited storage available. Some tallow is being diverted to Canadian ports and some to the Midwest, at an increased marketing cost of over one cent per pound.

However, for most products the cost involved in diversion was too high, and consequently there were significant losses. In California ten alfalfa meal dehydration plants were forced to close during the West Coast strike. Since exports usually account for about two-thirds of the California output, the domestic market was quickly flooded with alfalfa that would normally be dehydrated for exporting. Furthermore, alfalfa cubes and pellets destined for export and held by the strike were exposed to the sun which reduced carotene content to no more than that of

ordinary hay. As a result their value dropped to \$30 per ton compared to the pre-strike price of \$50 per ton.

The West Coast strike has had a serious impact on prices for acala cotton. This is a specialty cotton grown in the far West which normally sells for a premium of 4 cents per pound above regular cottons. Substantial quantities of acala cotton are exported, and the export market is necessary to maintain the price differential. During the strike and with the threat of a new strike, acala cotton lost its normal premium price and is now selling below the levels of other cottons which do not have acala's unique qualities.

The strike is also a serious problem to the American forest industry, which is a concern of my Department. The industry estimates that every day of a dock strike on the West Coast means the loss of \$1 million in wood product exports. Further disruption of lumber exports, as well as imports, might well have serious repercussions upon home-building programs in 1972. Transportation problems in 1968-69 contributed to record high prices for forest products and a serious upset to the homebuilding industry. The present situation is very similar.

Chicago

The problems which arose on the West Coast last summer were repeated on the Gulf Coast, the East Coast and in Chicago on the Great Lakes last fall.

The Chicago strike of 9 elevators out of a total 11 in that port began September 1, 1971. These elevators were open from October 9 to November 11 under a temporary Taft-Hartley injunction. They have been closed since that time, and this will again be an acute problem once warm weather reopens the Great Lakes shipping route. Export capacity of the 9 closed elevators was estimated

for September-December at 35 million bushels of corn and soybeans. The closing of this vital port during the height of harvest of a record corn and soybean crop was deeply felt in the corn belt. Cash farm prices for corn and soybeans were discounted well below the normal differential between the near term Chicago futures quotation and cash country prices in Indiana and Illinois.

East and Gulf Coast

The East and Gulf Coast strike started November 1, 1971 and ended November 27 when Taft-Hartley injunctions were issued. These injunctions expire on February 14, 1972. An evaluation of the impact of this strike is difficult because some ports were open during part of the October-November period. As an example, the West Gulf Ports which are important outlets for wheat, sorghum, rice, and cotton, continued to work until November 15. New Orleans, the major export point for soybeans and corn was opened from October 26 through November 15 due to an NLRB action. Mobile, Beaumont, and Baltimore were open for shorter periods. Philadelphia was open from October 26 to November 15 under a separate type of court action.

The East and Gulf Coasts normally account for about two-thirds of our total agricultural exports. During the October-November period in 1970 these ports exported \$917 million of agricultural products compared to \$400 million during the same period in 1971.

The strike impact was especially severe in October on exports of soybeans and corn from Gulf ports. Corn exports were down from \$67 million to \$9 million and soybeans were down from \$95 million to about \$16 million. By the time the Taft-Hartley injunction had been issued on

the East and Gulf Coasts, 25 ocean-going vessels were idle at Gulf ports, the port elevators were filled, and an estimated 50 million bushels of corn and soybeans were backed up the Mississippi River Valley in barges and railroad cars.

Some of the soybean crushing mills along the Mississippi were forced to close temporarily while others operated at sharply reduced capacity. During this period tallow stocks on the East Coast increased and over 100 million pounds of tobacco were stalled at dockside.

The Cost to Agriculture.

In total, the dock strikes on the East, Gulf, and West Coasts reduced U.S. farm exports during the shutdowns by over \$700 million from year earlier levels. Diversionary movements to open ports during the strike, anticipatory shipments off the East and Gulf Coasts before the strike, and heavier than normal shipments following the strike will assist in reducing the losses. However, some losses are permanent, and the impact of these strikes will be felt in lost future sales.

The strike impact is not limited to lost export sales. It is felt in the form of reduced farm prices, increased marketing costs, and spoiled crops. This is especially true for those products for which the export market is substantial. We export over one-half of our rice, wheat, and soybean production; nearly two-fifths of the cattle hides; over one-third of the tallow, tobacco and cotton produced; and one-fifth of total feedgrain sales by U.S. farmers.

For example, if past performance is a guide, we expect that at the height of the strike during October and November, our farmers sold over

800 million bushels of corn and over 500 million bushels of soybeans. The price discounts received by farmers during this period were a direct result of the reduced foreign demand for these commodities caused by the dock strikes.

U.S. agricultural exports this fiscal year could very well be down \$400-\$500 million below last year. Part of this decline is due to lower unit values for some of our commodities but American agriculture is not getting the volume gains that could come from these lower prices. Without work stoppages Canada is experiencing a record year for barley exports. Some of our key customers are turning to Canada and Australia for more of their wheat supplies. The Russians were forced to purchase part of their corn requirements from Argentina because of the uncertainty of our port situation. Foreign customers are telling American agriculture that they are shifting their purchases elsewhere where they can get assured delivery. That is the real tragedy of these work stoppages--the loss of future sales to our competitors not only for this year but for years to come.

It is of utmost importance that these dock work stoppages be ended promptly, and that provision be made to prevent future tie-ups in our transportation system. Not to do this, promptly, will be to subject American farmers to an erosion of income which they cannot and should not be expected to endure. They are growing weary of being bloodied, as innocent bystanders, by someone else's fight. They are justifiably incensed and frustrated at not being able to move to market at harvest time the product of a whole year's labor, because of unresolved arguments among small groups of people in transportation. Our farmers want protection from this kind of restrictive action -- and they want it now.

PACIFIC COAST EXPORTS--JULY-SEPTEMBER, 1970 AND 1971

Commodity	: In million dollars		: Percent
	: 1970	: 1971	: 1971 of 1970
Grain and Feed	141.8	13.8	10
Wheat and Flour	88.7	1.4	2
Rice	25.7	5.6	22
Prepared Feed/Alfalfa Meal	8.8	.7	8
Fats and Oils	12.3	7.4	60
Tobacco	0	0	--
Cotton	17.4	2.5	14
Dairy	7.0	1.5	21
Poultry	2.8	1.1	39
Livestock and Meat	32.4	13.7	42
Tallow and Greases	10.9	4.3	39
Hides and Skins	12.0	5.3	44
Fruits and Vegetables	69.3	30.9	45
Citrus Fruits	11.0	8.5	77
Fruit Cocktail	2.7	.3	11
Fruit Juices	3.3	1.1	33
Other Fruits and Nuts	37.6	14.8	39
Vegetables	13.0	6.2	48
Sugar and Tropical Products	<u>5.3</u>	<u>2.1</u>	<u>40</u>
TOTAL--All Agricultural Commodities	288.3	73.0	25.3

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It's been about three months since I was nominated for my present job. Much has happened since then, and I think the Fargo Farm Forum comes at a good time for me to give you a report on what we are doing, and the problems we are wrestling with, on behalf of agriculture and America's farmers.

I can only hit the highlights. I would like to be able to give you a play-by-play account of all the conferences, Cabinet meetings, Congressional hearings, and reporting at important events like this that are done on your behalf by the Secretary of a major department of Government. The Department of Agriculture is your department, and we are working for you--and we don't ever forget that.

Looking back at these first three months, the first highlight was the nomination itself, of course, and all the commotion it stirred up. If you look close, you can see I don't have horns; but during those days of the confirmation hearings I confess there were times when I really wondered who they were talking about, picturing Earl Butz as the enemy of the family farmer, Earl Butz as the tool of insidious agribusiness interests, or Earl Butz from the ivory tower far removed from farmers and the soil.

What my opponents were doing, obviously, was trying to make political hay and embarrass the Administration. We can expect that, especially with a national election coming up next fall. I'm not above engaging in a bit of political give and take myself, and I plan to do a little of that.

Address by Secretary of Agriculture Earl L. Butz at Fargo Farm Forum,
Fargo, N.D., Feb. 7, 1972, 1:30 p.m. (CST).

But in case anybody has any doubt about it, I want to tell them now that I am going to demonstrate the real interest of Earl Butz. I am going to go all out to see that farmers get higher prices and higher net incomes. I am going to do all I can to see that they keep control of farming. I am going to do all I can to see that young farmers and small farmers have a decent break. And I won't be satisfied until farmers earn returns on their labor and investments that measure up fully to what city people are making.

I grew up on a family farm. I've worked with family farmers all my life. I want to see small farmers grow, and to see their family farms keep pace with the times, because family farming is the backbone of the American agricultural system--the greatest food producing power on earth.

I want to tell you that President Nixon and his Administration feel exactly the same way I do. My report to you today will bear that out. If I didn't believe I had their full backing, I wouldn't be here.

Let me assure you that it was no mere coincidence, on the afternoon I was sworn in at the White House, that the President said we are going to keep the Department of Agriculture as a Cabinet department, streamlined to zero in on the interests of farmers and ranchers. Ever since that moment, even though I warned them I'd keep speaking up on behalf of farmers until the Administration might yell "Uncle!", I've had the best of understanding and cooperation from top Administration people. That has made possible a variety of important decisions on behalf of a stronger, healthier rural economy.

Let's recall some of the things that have happened, and mention some of the highlights of issues that we are dealing with:

Corn prices. On my first day in office, my first decision was to have the Government start buying corn to firm up farm prices. You know what the situation was, and what brought it about. Farmers increased corn plantings heavily last spring, against the chance there would be another round of blight like the 1970 disaster that caused a short crop. It looked like a good decision then. Blight spores were everywhere in the Midwest. Corn prices were \$1.60 at Chicago. Farmers wanted enough feed in the fall to hold their livestock programs together.

As you'll recall, we came right up to the first of August last year not knowing whether corn blight would cause a disaster. The Department of Agriculture assembled the best scientists in the country on August 4 at a national conference. The experts said "the damage will depend on the weather during August." Well, August turned out to be the coolest and driest on record in the main corn growing areas. Yields were the best ever, and we wound up with a record corn crop of 5.5 billion bushels last fall...and farm prices at below production cost in many areas.

Prior to my coming into office, the Department of Agriculture took several steps to cope with the situation. New storage facilities were opened up; farmers were given the chance to put their corn under loan in other locations, country elevators, wherever there was space; they were given the advantage of resealing 1969-70-71 corn until May of 1973. These and other measures, along with the Government corn-buying program, have strengthened corn prices considerably, as you are aware.

Strike situation. Just when farmers were harvesting the biggest feed grain, wheat, and soybean crops in history, dock strikes closed the Nation's ports. President Nixon invoked the Taft-Hartley injunctions, so there was temporary relief during the fall, but the 80-day cooling off period ran out on the West Coast on Christmas Day and the Pacific longshoremen went back on strike again on January 18. The 80-day cooling off period at East Coast and Gulf ports expires a week from today. After that, the President is powerless to act under present laws.

I hardly need spell out the details of this kind of disaster to North Dakota farmers. Last year, \$244 million worth of wheat and other farm products from this State went into export. North Dakota's economic life depends on foreign trade--on shipments through open ports.

The Administration tried again and again to get new legislation through Congress to deal with all transportation strikes. The President also proposed an emergency plan last month to deal with the West Coast strike and submit the dispute to arbitration.

A few days ago I invited farm organizations and major commodity groups to come to Washington to discuss the impact of the strike situation on exports and prices of farm products, and on the incomes of the producers of commodities that they represent. There were 80 acceptances--people came from one end of the country to the other. It made my blood boil, and it would have made your blood boil, too, to hear what they had to say about the damage that is being done to agriculture. Good foreign customers are losing their faith in the United States to deliver the goods and are going to other countries to buy the farm products that they need. Potential future sales are fast going down the drain.

That meeting gave me good ammunition to take to Capitol Hill. America's farmers are losing almost \$6 million every day the West Coast ports stay closed.

Here's a situation you can do something about. We need your help. We think every major farm organization and commodity group ought to put the heat on, not only to end the West Coast strike but also to set up better ways to deal with the repeated transportation strikes that break out at harvest time and cost farmers untold millions in lost sales and, what's worse, lost markets for future years.

The President has also proposed a Crippling Strikes Prevention Act which would overhaul the present weak safeguards against these transportation tie-ups that repeatedly bloody farmers' noses and cost farmers money.

If we really want to do something for farmers, we need better ways of handling these strikes. This is something your organizations and commodity groups should look into and see what you can do to help.

Boxcar shortage. For many years I've seen farmers sweating out the boxcar shortage that always gets worse, it seems, at harvest time. I know this is a real concern for you. One of my first actions in office was to ask the Secretary of Transportation to use all the power and influence he has with

the railroads to see that we have more cars for the 1972 harvest. He told me he would. He is now trying to get authority from Congress to design the national freight car management system so that any railroad should be able to schedule cars for its customers and deliver them on time. He is also proposing a \$3 billion loan insurance program to stimulate freight car purchases.

Crop programs. Soon we'll be entering on the second year of the crop set-aside programs under the Agricultural Act of 1970. I ~~have spent a lot~~ of time studying this approach, and will be keeping a close eye on developments during this spring planting period.

The whole idea of the set-aside plan is to give farmers more freedom, more options, in what they plant and how they manage their farms. We are trying to move away from Government controls, penalties, quotas, and all the rest. Judging from the record sign-up in programs last year, most farmers like the change.

We've seen some major shifts in cropping patterns take place. Last year, more than a third of all farms with wheat allotments planted very little wheat. In Illinois, for instance, there were 31,600 farms with a total of 130,000 acres of wheat allotments, and these farms planted only 3,000 acres to wheat.

This is evidence that the center of production for major crops such as wheat is moving away from less profitable regions to prime areas such as North Dakota. Last year's wheat harvest in this State ran more than 285 million bushels, compared with 152 million in 1970. The value of North Dakota's wheat crop in 1971, including Federal payments, came to more than \$480 million. Compare that with the \$338 million for 1970. And we want to do all we can to make it better.

The same kind of trend took place in South Dakota and Minnesota. The 1971 South Dakota wheat crop, including payments, was worth \$127 million compared with \$90 million in 1970. Minnesota's came to \$96 million, almost double the \$50 million for 1970.

Additional acreage diversion. Two other highlight actions that we took were the announcements a few days ago of voluntary additional options for farmers to divert wheat and corn or sorghum acreages. Since the time when the wheat and feed grain programs for 1972 were announced last fall, some things have happened that point up the need for sharper restraints on these crops. One was the prolongation of the dock strikes; another was the jump in spring wheat yields 25 percent above the previous 5-year average; and another was the indication of larger-than-expected 1972 corn plantings.

Keep in mind that these new voluntary options aim at cutting back last year's wheat and corn-sorghum acreages. That's where the greatest part of the overproduction problem exists. Barley was not included in the latest announcements even though it comes under the 1972 feed grain program. The barley situation poses less of a problem since plantings are expected to be down 9 percent from 1971.

With acreage and production cut back to manageable levels, farmers may take in a little less from the sale of crops this year than in 1971--but I assure you this will be more than offset by higher Government payments. I'm not going to stand for any farmer's income being penalized because he cooperates in the production control effort. Quite the contrary. I'm for rewarding those farmers who help work down our grain supplies so that output can be brought into better balance with market outlets. That's what will get agriculture back on the right track, with better prices and better incomes for farmers.

Strategic reserve opposed. I thought the recently proposed 25 percent increase in loan levels and creation of a Government grain reserve was not in farmers' best interests. I stand squarely against returning to tight production controls on farmers--controls associated with artificially high support prices that ruin markets. I am against Government-owned reserves that hang like a deadweight over markets, putting a ceiling on farmers' prices and opportunities.

The short-term effect might have been good for some farmers who had not sold their 1971 grain. But what about the year after next, with corn and wheat coming out of our ears, with exports diminishing, and with other countries gearing up to take our markets, and with a giant reserve piling up in Government hands?

Moreover, as I told the Senate committee, the chief beneficiaries of the plan would have been the middlemen and agribusiness interests and speculators, who would have been handed a quarter-billion-dollar windfall.

Focus on family farms. In my first months I have tried to move ahead from the foundations that have been built for improving opportunities for family farmers, and to add a few new stepping stones along the way.

One of the recent highlight actions is that we are preparing special marketing teams to go around the country to work on the marketing problems of family farms and explore ways to improve the tax structure of family farmers. President Nixon recognizes the gravity of this problem, and in his recent State of the Union Message he spoke of property taxes as "one of the most oppressive and most discriminatory of all taxes."

We must find alternatives to the heavy burden of taxes that rests on farm land here in the Dakotas and throughout the country. Property is no longer a measure of ability to pay. Farm property, as assessments keep going up, is becoming an unbearable load for most farmers. This is one of the problems that you and your organizations could look into, because we are going to need all the help we can get to alleviate the situation.

The flow of products from farm to markets needs to be improved in ways that will give farmers more of a say over the prices of what they sell. This is why I favor the principles of farm bargaining legislation. I urge you to look carefully at all sides of the bargaining idea. Give full consideration to what it can do to help you bargain for better prices and terms, and retain a real voice in the marketing of farm products.

Rural assistance. Lately a good deal of my attention has been taken up with the President's proposals to inject new vigor into rural towns and communities. Here again, there's a lot that people like you can do to get real action started.

In addition to rural community development revenue sharing, the President last week asked Congress to adopt a credit-sharing plan that would pump private money into creating new industrial activity and new, off-farm jobs in the rural areas of America for those farmers who want them. North Dakota's share would amount to well over \$21 million the first year; South Dakota would be allocated close to \$21 million; and Minnesota's share would be in excess of \$62 million. These amounts of money would be earmarked for each State to spend on those rural projects that the people of the State, not someone in Washington, decide that they want most.

I testified vigorously before the House Agriculture Committee in support of this legislation to improve the opportunities in rural America. Its enactment could give North Dakota the kind of credit resources it needs to build a new sugarbeet refinery, for example, or other kinds of commercial and community facilities.

Outlook for agriculture. During my first months, we took several other actions to spur fresh activity on the farming and environmental front. We released \$55 1/2 million in additional funds for the Rural Environmental Assistance Program to help farmers conserve land and water, and enhance the environment. We released \$109 million more in REA loans to promote rural economic activity. We announced a pilot program in 10 States to develop greater recreational opportunities for farm families and non-farm people in rural areas--North Dakota is one of those States.

Of special interest to the Dakotas and Minnesota, we approved working plans for the National Wheat Institute that will put \$2 million into research on finding new food and industrial uses for wheat. We started a new pest management action and research program to help farmers control pests more economically, while at the same time reducing the amount of DDT and similar chemicals currently in use.

The combination of all these efforts, and many more besides, makes the outlook more promising for farmers. Prices are strengthening and in some instances, such as beef cattle prices, are at 20-year highs. And they should be. It's about time things were getting better.

Yet I want to remind you that as your prices improve and begin to reflect in mark-ups at retail counters, we may have a fight on our hands. Some of the newspapers back East have already started commenting on higher food prices. You can expect to see agitation increase for putting a lid on many agricultural prices.

I intend to wage this battle for farmers with everything I've got. I'd like to count on your help and support.

This is a time to consolidate our strength, work together, and keep agriculture on the move.

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If someone asked me for a title of my remarks today, I would say, "Battles That Farmers Must Fight."

When President Nixon put up my name for Secretary of Agriculture three months ago, I told him I intended to speak on behalf of farmers as loud as I could. I've been doing that, and we are beginning to see some results.

Actions have to go with the words--the willingness to get into things and do some hard fighting if farmers are to keep control of farming and get higher prices and better net incomes.

From where I look at the agricultural situation, quite a few battles lie before us to be waged and won so that we can reach the day when farmers earn enough return on their labor and investments to match, at least, what city people are making. That's my goal.

Speaking on behalf of farmers, and acting on their behalf, is a major part of my job. I intend to go into these battles hammer and tongs. These are your battles. They are battles that farmers must fight, just as much as Earl Butz. I need all the help you can give me.

Let's take a look at some of these fights--some in progress now, others that we can see shaping up for the future.

Address by Secretary of Agriculture Earl L. Butz before the National Live-stock Feeders Association, Omaha, Nebraska, 1:00 P.M., Feb. 10, 1972

We must fight to move our harvests to market.

I doubt if anybody can even begin to size up the harm that transportation strikes have done, and are continuing to do, to American agriculture. We need to put a stop to this insanity.

Time after time, shipments of commodities to markets have either been blocked or threatened with paralysis as the result of labor disputes in which farmers have no part and no vote. Almost invariably, this sort of trouble breaks out just at harvest time, when many products have to be moved immediately.

The dock strike situation is the latest example of this problem, of course. It started last July. I wish we could say we've seen the end of it. First the West Coast longshoremen, then Atlantic and Gulf Coast dock workers and elevator employees in Chicago, marched off their jobs--just when farmers were harvesting the greatest crops of wheat, feed grain, and soybeans in history.

The latest word is that the West Coast dispute is close to some kind of settlement. The 80-day Taft-Hartley cooling off period expires next Monday for the East and Gulf ports, and the unions in those areas are reported to be working for a settlement.

But for seven months, the dock tie-ups have caused America's farmers hundreds of millions of dollars in lost sales, depressed prices, reduced incomes, and the long-range loss of potential future markets overseas. Farmers simply cannot tolerate a recurrence of this kind of situation, and we must fight to end it for once and for all. If we don't do it now, we'll be in trouble again and again.

Two years ago this month, the President proposed legislation that would overhaul the present weak safeguards against crippling strikes in all key transportation areas. It's high time this legislation is adopted.

The way things stand now, we operate on a crisis-to-crisis basis whenever a major labor dispute hits the Nation. When that happens, farmers are usually the ones who are victimized the most. We need legislation to more adequately deal with these transportation tie-ups. You can help. You can demand action. This is your fight--and the stakes for agriculture are great because, more and more, exports offer the greatest growth opportunities for American farmers. Now let's look at another battle on our hands.

We must fight to get fair prices for farm products.

Recently beef prices hit the highest level in 20 years. And the outlook for the rest of the year is promising. But, as this is happening, it is bringing a rash of articles quoting someone about "high meat prices," and it is spurring considerable agitation among the uninformed for "price controls" on food.

I say, isn't it about time that beef prices got up to levels of 20 years ago? After all, farmers' costs are 50 percent higher than 20 years ago. Compared with 20 years ago, average hourly wages in the United States have more than doubled. So, isn't it about time that beef got up to levels of 20 years ago?

We can invite a searching look at agriculture by any open-minded person. In that 20-year period, the economy has expanded tremendously. Let's take a look at some of the increases in the amount of money going to different groups. Money paid to wage earners in this country is 3.4 times larger than 20 years ago; money paid to service industry workers is 4.9 times more; money for wage supplements and fringe benefits has gone up 7-fold; total money paid to Government employees is 4.3 times higher; dividends are up 3 times from 20 years ago; and, business and professional income has doubled. And yet total net farm income to the Nation's farmers has stayed almost the same--a bare 3 percent increase in 20 years. Isn't it about time that farmers did a little better?

Twenty years ago, people spent \$7 1/2 billion more for services than they did for food and beverages. Now, people are spending \$146 billion a year more for services than they are for food and beverages. So why talk about food prices?

Total expenditures for food and beverages are 2.3 times higher than 20 years ago--but total expenditures for furniture and household equipment are 2.7 times higher; and, expenditures for automobiles and parts are 4 times higher than 20 years ago.

Food prices at the store have increased 43 percent over 20 years ago--but rent is 57 percent higher, and medical care, 128 percent higher. Actually, whereas people 20 years ago were spending 23 percent of their take-home pay for food, they are now spending only 15.5 percent of their take-home pay for food that is of better quality, of wider diversity, better packaged, and the safest in the world.

By any measurement you want to make, agriculture stands out. Farmers are producing enough beef to provide twice as much beef per person as 20 years ago.

The gain in overall productivity among farmers is almost twice as great as in our manufacturing industries. The output per man hour in manufacturing has increased 1.7 times in the last 20 years--but output per man hour of farmers is 3.3 times higher than 20 years ago.

In our fight to get fair prices for farmers, I think it's urgent that you and I get across the true story of food prices. The housewife may spend more on her week's trip to the store, and when she gets home she complains about food prices as she takes the panty hose, detergent, mouth wash, and floor wax out of her shopping bag. The burgeoning labor costs at packing houses and retail stores, transportation expenses, parking and overhead facilities, convenience packaging--these all contribute to the higher retail prices for food.

Among the rank and file of wage-earning Americans who have received their regular pay increases over the years, it has not been their practice to complain very much when their fellow workers also received pay boosts. I hope they can see the justice in fair treatment for farmers, especially when the record shows that farmers are making only three-fourths as much income per person as non-farm people.

We must fight for more freedom for farmers to manage their own business.

This is another vital battle--a fight against going back to rigid controls over farming. The whole idea of the set-aside approach to major crop programs is for farmers to have more freedom, more options, in what they plant and how they operate their farms for greatest efficiency and for the most advantageous market opportunities.

We are trying to move away from production quotas, penalties for over-planting, cross-compliance requirements, and other kinds of Government interference. And in the process, we are seeing some significant changes taking place in cropping patterns. The shifts involve more than 60 million acres--a healthy realignment in production is taking place.

This is why I thought the recent proposal of a 25 percent increase in loan levels and creation of an excessive, inflexible Government grain reserve was not in farmers' best interests. I stand squarely against going back to tight production controls on farmers. I am against Government-owned reserves that hang like a deadweight over markets, putting a ceiling on farmers' prices and opportunities. I can recall the charges of "dumping" made against every administration whenever Government supplies were finally sold off.

The short-term effect of the strategic reserve proposal might have been good for some farmers who had not sold their 1971 grain. But what of the year after next, with more corn and wheat than we could use, with exports diminishing, with other countries working to take our markets, and with a huge reserve piling up in Government hands? On top of all that, the chief beneficiaries of the plan would have been the middlemen and agribusiness interests and speculators, who would have been handed a quarter-billion-dollar windfall bonanza.

Livestock as well as crops would have felt the effects of the proposal, because it would have increased the cost of production for beef, hog, dairy, and poultry farmers. Livestock products represent the greatest area of potential expansion of food use, and the fastest growing portion of farmers' income. I did not want to see the Government put squarely between the

grain producer and livestock producer, stifling livestock output and reducing grain consumption while the production of corn and wheat shot up.

Any price support or reserve proposal has to be looked at with the most careful and critical eye. The way I see it, our fight for greater farm prosperity must be based on a determination to make the present new programs succeed. The recently announced plans for voluntary diversion of additional wheat and corn-sorghum acreages are aimed at that goal.

This is a pivotal year for wheat. Growers have important decisions to make in using the freedom they have in the 1970 Act in a rational manner, to make production adjustments essential to their future. There are attractive incentives for those adjustments. I have authorized an additional voluntary set aside of wheat cropland equivalent up to 75 percent of a farm's domestic allotment. This year's wheat payments could run up to \$200 million higher than the 1971 level.

I hope wheat growers are seriously considering the incentive which will put money in their pockets while cutting back on production. The National Association of Wheat Growers is directing an appeal to all wheat growers to use the extra set aside feature this year. Producers should give serious thought about the impact that overproduction will have not only on this year's market but for many years to come.

You may be sure I'll be keeping a close eye on the sign-up now in progress and farmers' planting intentions. I'm strong for rewarding those farmers who help work down our grain supplies so that output can be brought into better balance with market outlets. That's what will get agriculture back on the right track, with better prices and better incomes for farmers.

We must wage a constant fight for better farm income.

This is the biggest campaign of all. There are other battles under way-- for better rural living, for greater economic and job opportunities in the countryside, for the protection and growth of family farms. They are all part of this major effort in which I hope you and I can join forces.

We are all pleased that farmers' prospects for 1972 are looking better. Farm prices in January were 13 percent higher than a year ago; and the prices you had to pay were up about 5 percent, so that was a net gain.

Chances are that livestock farmers this year will gross \$1 3/4 billion to \$2 billion more than in 1972. Overall, the Nation's farmers should take in \$3 billion to \$3 1/2 billion more gross income than last year. Even better news is that farm costs are likely to increase less than in recent years. Phase II of the Administration's economic program is slowing the inflationary rise in costs.

That means, as prospects now shape up, that farmers should have \$1 1/2 billion to \$2 billion more realized net income from farming in 1972 than in 1971. That would be a 10 percent to 12 percent increase over 1971. And isn't it about time?

We are making some progress with increasing our levels of farm income. If 1972 turns out the way it now appears that it will, farmers' realized net will average \$16.4 billion for the four years, 1969 through 1972-- compared with an average of \$13.8 billion from 1961 through 1968. That's a 19 percent increase, and it's progress--but it's still not good enough.

It's not good enough, because the average disposable income of farm people is still only three-fourths, 75 percent, as much as the average income for non-farm people. That 75 percent average over the last three years is 10 percent better than the 68 percent average of the preceding eight years. But, I won't be happy until the average income of farm people is at least as high as that of non-farm people. Even that won't satisfy me.

Considering the hours farmers work; the marvelous record of farmers in increasing their productivity per man hour; the high investments that farmers have in their land and equipment that must be recapitalized; and, taking into account the risks of farming, and the high tax burden on farmers--well, considering all this, I know you agree that the average income of farm people should be considerably higher than the average non-farm income. And I'm going to do everything I can to see that farmers get it. It's only fair, and I think anyone will agree with that when they know all the facts.

One of the responsibilities that I am taking on is to travel this country from one end of the land to the other to tell those facts about the Nation's farmers to the American people.

In 1972, the average income per farm from farming will be the highest on record--somewhat over \$6,000 per farm, or more than \$600 higher than in 1971. That will mean that the income per farm from farming for the four years, 1969-72, will average somewhat more than \$5,650--an increase of about 40 percent over the average of \$4,079 for the previous eight years.

Still, this is not good enough. Farmers are a long way from getting the average factory wage for their labor and the average business percentage return on their farm investment.

City people want a fair wage, and they should get it. Businessmen want a fair return on their investment, and they should get it. And everyone should realize that farmers want a fair return for their work and investment--and they should get it. I intend to do all that I can to see that farmers make progress toward that goal.

We would like to see farmers do better so that they will find more opportunity to stay in agriculture. That's good for farmers, good for farm communities, good for the rural countryside, and good for the Nation.

We are making some progress in this regard, too. The average decline in the number of farms during the last three years has been 47,000 a year. That's considerably better than the average loss of 106,000 farms a year during the preceding eight years of 1961 through 1968. But we want to do still better.

That's why the Department of Agriculture and this Administration are taking a two-pronged approach to improving farm and rural opportunity. Our first is the battle to improve farm income. Our second is the effort to improve economic opportunities in the non-metropolitan areas, with a countryside growth program that will increase economic activity and job opportunities in rural communities.

We want more of the future economic expansion of this Nation to be invested in rural America, so that farm and rural people can find more and better jobs in their home areas and won't have to move off to some far-away city that is already over-crowded and congested. We want more off-farm work opportunities nearby for those farmers and members of farm families who want to earn off-farm money.

During the past year, funds for rural credit advanced by the Department of Agriculture amounted to a record-breaking high of more than \$2.5 billion in supplementary financial assistance made available to rural people for housing, family farms, and community facilities. In addition to that, the President has asked Congress to adopt a program which would give the States new money resources to spark economic activity in the countryside.

We want more job opportunities in rural areas for farm and rural young people so that they can enjoy a good life nearby if that is what they seek. We also want more recreational opportunities in rural America for young people, and old.

In short, we want a better life for farm and rural people. Not only because it's about time they had a better life, Not only because they are due for something better. But because I am convinced that the road to national prosperity starts on the farms and in the countryside of America. Let's fight to keep that road open.

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3 For a few tense months in 1940, only the valor of the Royal Air Force saved the British Isles from being overwhelmed by a Nazi invasion; and after the Battle of Britain ended, Winston Churchill was moved to say, "Never in the field of human conflict was so much owed by so many to so few."

The spirit of those words has present-day application here in America. With less than 5 percent of our people on farms, our agricultural industry is so efficient and productive that we are able to produce the food for our entire population of more than 200 million, plus millions more in other countries as well.

Food is the first law of life. The first claim of any society on its total production resources is to get enough food so that the population can live and reproduce itself. It is vital that the people of America understand this--our first great task is to win the public's acceptance of the fact that we must keep our remarkable food machine in healthy condition and working well.

When they think of food or where it comes from, countless city people automatically think of the supermarket. Few have much reason to stop and remind themselves that back of every quart of milk there's a cow, back of every pork chop there's a pig, and back of every loaf of bread there's a bushel of wheat. Yet it's vital to the agricultural industry, to you who are taking part in the National Farm Institute, to create this kind of awareness in the consciousness of the great consuming public that we all serve.

* Address by Secretary of Agriculture Earl L. Butz, National Farm Institute, Des Moines, Iowa, February 11, 1972.

I intend to do my level best to get this message across as I travel the land from one end of the country to another. I'll be glad to have help, especially from the kind of people that have made the National Farm Institute a leadership forum for farm progress over many years.

We can see battles shaping up that will have to be waged and won so that we can reach the day when farmers earn enough on their labor and investments to match what city people are making. That's my goal. I contend it should be a goal for all Americans, because it's the only way we can keep our agricultural productive machine healthy and strong.

We must fight to move our harvests to market.

The dock strike situation is the latest example of how, time after time, shipments of commodities to markets have either been blocked or threatened with paralysis as the result of labor disputes. The dock strikes started last July, and I hope we've seen the end of these tie-ups, although nobody can be certain.

For seven months, the tie-ups caused farmers hundreds of millions of dollars of damage in lost sales, depressed prices, reduced incomes, and the long-range loss of overseas markets. Farmers cannot tolerate a recurrence of this kind of situation. We must fight to end it once and for all. If we don't do it now, we'll be in trouble again and again.

Two years ago this month, President Nixon proposed legislation to overhaul the present inadequate system of dealing with transportation strikes. The bill has not been enacted.

We need legislation to more adequately deal with these strikes. You can help. And you can demand action. Make this your fight--because agriculture has a tremendous stake in it, now that fully half of all our wheat and soybean production goes into foreign exports.

We also have a fight on our hands to maintain access for American-grown commodities in foreign markets. You deserve a fair shake in the European Common Market, and I'm going to fight to see that you get it.

We must fight to get fair prices for farm products.

No sooner did beef prices reach the highest level in 20 years than we began seeing signs of agitation back East among some people for "price controls" on food.

I say, isn't it about time that beef prices got up to levels of 20 long years ago? Farmers' costs are 50 percent higher now than then. Compared with 20 years ago, average hourly wages in this country have more than doubled. So, isn't it about time that beef got up to levels of 20 years ago?

We can invite a searching look at agriculture by any open-minded person, keeping in mind the tremendous expansion of the economy since then. Money paid to wage earners in the United States is 3.4 times greater than 20 years ago; money paid to service industry workers is 4.9 times more; money for wage supplements and fringe benefits has gone up 7-fold; total money paid to Government employees is 4.3 times higher; dividends are up 3 times from 20 years ago; business and professional income has doubled.

But total net farm income to the Nation's farmers has stayed almost the same--a bare 3 percent increase in 20 years. Isn't it about time that farmers did a little better than that?

Twenty years ago, people spent \$7 1/2 billion more for services than they did for food and beverages. Now, people are spending \$146 billion a year more for services than for food and beverages. So why all the talk about food prices?

Total expenditures for food and beverages are 2.3 times higher than 20 years ago--but total expenditures for furniture and household equipment are 2.7 times higher, and expenditures for automobiles and parts are 4.0 times higher than 20 years ago.

Food prices at the store have increased 43 percent over 20 years ago--but rent is 57 percent higher and medical care is 128 percent higher. The fact is that whereas people two decades ago were spending 23 percent of their take-home pay for food, they are now spending only 15.5 percent of their disposable income for food that is of better quality, of wider diversity, better packaged, and the safest in the world.

By any measurement you want to make, agriculture stands out. Farmers are producing enough cattle to provide twice as much beef per person as 20 years ago. The gain in overall productivity among farmers is almost twice as great as in our manufacturing industries.

Let's work to get across the true story of food prices. The housewife may complain about spending a little more on her weekly trip to the store; then when she gets home she takes panty hose, detergent, mouth wash, and other non-food items out of her shopping bag. They all cost more and they make the food bill seem higher. Higher labor costs at packing houses and

food processing plants, transportation expenses, parking and overhead facilities at the supermarket, convenience packaging--they all contribute to higher retail prices for food.

Most wage-earning Americans who have received their regular pay increases over the years do not protest very much when their fellow workers also receive pay boosts. I hope they can see the justice in fair treatment for farmers, especially when the record shows that farmers are making only three-fourths as much income per person as non-farm people.

We must fight for more freedom for farmers to manage their own business.

This is another vital battle--a fight against going back to rigid farm controls. The whole idea of the set-aside approach to crop programs is for farmers to have more freedom, more flexibility, in what they plant and how they operate their farms for greatest efficiency and for the best market opportunities.

We are trying to move away from production quotas, penalties for over-planting, cross-compliance requirements, and similar Government interference. In the process, we are seeing some healthy changes take place in cropping patterns that give farmers greater profit-making opportunities.

This is the chief reason why I thought the proposal for a 25 percent increase in loan levels and creation of an excessive, Government-owned grain reserve was not in farmers' best interests. I am against going back to rigid controls on farmers. I am opposed to Government-owned reserves that hang over markets, putting a ceiling on farmers' prices and opportunities. I remember the charges of "dumping" made against every administration whenever Government supplies were finally sold off.

For some farmers, who had not sold their 1971 grain, the short-term effect of the strategic reserve plan might have been good. But what about the year after next, with more corn and wheat than we could use, with exports diminishing, with other countries gearing up to take our markets, and with a huge reserve in Government hands? On top of all that, the chief beneficiaries of the plan would have been the speculators and middlemen and agribusiness interests, who would have been handed a quarter-billion-dollar windfall.

Any price support or reserve proposal has to be looked at critically, because we are trying to take the straight-jacket off farmers, not put it back on. The soybean success story is a good example of what can happen when a commodity group fights for markets and focuses its efforts on expanding product outlets.

We must fight to strengthen corn prices.

On my first day in office, my initial action was to help firm up corn prices. You know what the situation was, and why. Farmers increased their plantings heavily a year ago, against the chance there might be another round of blight. It looked like a good decision then. Blight spores were everywhere here in the Midwest. Corn prices were \$1.60 at Chicago. Farmers wanted enough feed in the fall to hold their livestock programs together.

You may remember that we came right up to the first of August, not knowing whether corn blight would cause another shortage. The Department of Agriculture called together the country's best scientists for an August 4th meeting; they said the damage would depend on the August weather. Well, August brought the coolest and driest conditions on record. As a result, we wound up with a record corn crop of 5.5 billion bushels, and with farm prices at below production cost in many areas.

Prior to my coming on the job, the Department took several steps to cope with the situation. New storage facilities were opened up; farmers were given the chance to put their corn under loan in other locations; they were permitted to reseal 1969-70-71 corn until May of 1973. These and other measures, along with the psychological effect of a modest Government corn-buying program, have helped firm up corn prices, as you are aware.

And now as we look ahead to 1972, we hope that you will find the new voluntary acreage diversion plans and options very helpful, not only in increasing the income possibilities on your own farm but, overall, as a way to reduce national feed grain production so as to strengthen the market for grain. I'm strong for rewarding those farmers who help work down our grain supplies so that output can be brought into better balance with market outlets. That's the way to get agriculture on the right track, with better prices and better incomes for farmers.

We must fight for a better break for family farmers.

I want to see small farmers and young farmers have the chance to grow into economic farm units that will keep up with the times, so that they and their growing families can live as well as others.

We are concerned about conglomerate firms that enter farming and can throw their weight around to get lower interest rates, easier access to capital, tax advantages, and more direct access to markets than many individual family farmers can get. To help family farmers develop more leverage, I recently unveiled a plan to establish marketing teams on a commodity by commodity basis to mobilize expertise and bring it to bear on

farmers' marketing problems. Today I am pleased to announce that the first two commodities selected are pork and eggs.

The pork team will be headed by Jack Armstrong of the Extension Service in the Department of Agriculture, and the egg team will be directed by George Rogers of the Economic Research Service. These teams will bring together a wide range of experts to focus on specific marketing matters. They will consult with farmers, agribusiness firms, university people, State Departments of Agriculture, and all who can contribute to working up new and innovative approaches to the effort of improving the flow of commodities from farms to markets at better rates of return for producers.

We also intend to explore ways to improve the tax structure of family farmers. President Nixon recognizes the gravity of this problem. In his recent State of the Union Message, he spoke of property taxes as "one of the most oppressive and most discriminatory of all taxes."

We must find alternatives to the heavy burden of taxes that rests on farm land here in the Midwest and throughout the country. Property is no longer a measure of ability to pay. Assessments keep going up, and farm property is becoming an unbearable load for most farmers to carry. This is a battle we'll have to fight. It is a problem that you and the organizations represented here will want to look into, because we are going to need all the help we can get to relieve the situation.

I also intend to fight to give farmers more say over the prices of what they sell, more say over the terms, and more say over their own operations. This is why I favor the principles of better farm bargaining legislation. I urge you to take a careful look at all aspects of the bargaining idea. Give full consideration to what it can do to help you attain a real voice in the marketing of farm products.

We must wage a constant fight for better farm income.

This is the biggest battle of all. We have other fights on our hands-- for better rural living, for greater economic opportunities in the countryside, for programs that can enhance the environment without penalizing farmers. They are all part of this major effort.

We are pleased that farmers' prospects for 1972 are looking better. Farm prices in January were 13 percent higher than a year ago; farm costs were up about 5 percent, so that was a net gain.

Overall, the Nation's farmers should take in \$3 billion to \$3 1/2 billion more gross income this year than last. Even better news is that farm costs are likely to increase less than in recent years. Phase II of the Administration's economic program is slowing the inflationary rise in costs.

That means farmers should have \$1 1/2 billion to \$2 billion more realized net income from farming in 1972 than in 1971. That would be an increase of 10 to 12 percent--and isn't it about time?

If 1972 turns out the way it now appears that it will, farmers' net will average \$16.4 billion for the years 1969 through 1972, compared with an average of \$13.8 billion from 1961 through 1968. That's a 19 percent increase, and it's progress--but it's still not good enough.

We don't consider it good enough, because the average disposable income of farm people is still only three-fourths, 75 percent, as much as the average income for non-farm people. That 75 percent average over the last three years is 10 percent better than the 68 percent average of the preceding eight years. But I won't be happy until the average income of farm people is at least as high as that of non-farm people. Even that won't satisfy me. What with the hours farmers work, their amazing productivity record, their high investments,

their risks, and their taxes, I know you would agree that it would be fair for farm people to have an average income higher than the average non-farm income.

We want to see farmers do better so that they will find more opportunity to stay in agriculture. That's good for farmers, good for farm communities, good for the rural countryside, and good for the Nation.

We are making some progress in this regard, too. The average decline in the number of farms during the last three years has been 47,000 a year. That's considerably better than the average loss of 106,000 farms a year from 1961 through 1968. But we want to do still better.

That's why the Department of Agriculture and this Administration are taking a two-pronged approach to improving farm and rural opportunity. Our first is the battle to improve farm income. Our second is the effort to improve economic opportunities in rural America, with a countryside growth program to increase economic activity and job opportunities in rural communities.

We want more of this Nation's future economic expansion to be invested in rural America, so that farm and rural people can find more and better jobs in their home areas instead of having to move to some far-off city that is already over-crowded and congested.

During 1971, funds for rural credit advanced by the Department of Agriculture reached a record high of more than \$2.5 billion in supplementary financial assistance, made available to rural people for housing, family farms, and community facilities. In addition to that, the President has asked Congress to adopt a program that would give the States new money

resources to spark economic activity in the countryside. I am well aware of Governor Ray's intense interest in this kind of effort and commend him for the initiatives he has taken.

We want more job opportunities in rural areas for farm and rural young people so that they can enjoy a good life nearby if that is what they seek. We also want more recreational opportunities in rural America for young people, and old.

A better life for farm and rural people will be the key to more balanced and more wholesome growth for the entire Nation. By fighting for this, and by working together, we can achieve the better life we are seeking.

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Figure 1 illustrates the experimental setup. A participant is seated at a table, looking at a video screen. On the screen, a starting point and a target are visible. The participant's hand is at the starting point. A video camera is positioned above the starting point and target, recording the movement. The video camera is connected to a computer system, which is also connected to the video screen. The computer system is labeled 'Computer' and the video screen is labeled 'Video screen'. The video camera is labeled 'Video camera'. The participant is labeled 'Participant'. The starting point is labeled 'Starting point' and the target is labeled 'Target'.

I come before you today as your hired hand. The Secretary of Agriculture works for you. That's how I size up my job, and we keep this in mind at the Department of Agriculture.

Therefore, I'd like to report to you on what we are doing on your behalf, and to give you an accounting of our efforts. I think it's important that we should keep you informed. It's also important that we keep the Congress, and the consuming public, posted on the facts of the agricultural situation.

It will be my policy to report periodically and give accountings of the actions we take on farmers' behalf, and the reasons why. This is the first of these reports. The occasion is appropriate, because any meeting of the Tennessee Livestock Association can be counted on to draw a good cross-section of this State's agriculture. Many of us here today have an interest in cattle and feeder calves, and hogs and feeder pigs, but many are also concerned with burley tobacco, cotton, soybeans, and corn--some of the Nation's foremost crops.

All of us here understand the need to keep the American agricultural machine in top working order. That takes income, because we have a \$335 billion farm plant to maintain. Every American has a stake in fair prices to farmers in order to keep this agricultural machine in working order, because food is the first law of life. The first claim any society makes on its total resources is to produce sufficient food for the population to stay alive and reproduce itself. Only after that is done can a nation then develop the affluence and good life that we seek. The unequalled affluence and good life of this Nation are testimony to how well you have done your job.

Address by Secretary of Agriculture Earl L. Butz before the Tennessee Livestock Association, Nashville, Tennessee, 11:15 A.M. (CST), Feb. 16, 1972.

Modern agriculture has other vital responsibilities as well: To expand people's choice to have the kinds and qualities of food they want; to exercise prudent stewardship over our environmental assets; and to provide a strong foundation for a better life in farm communities and countryside areas.

These are all missions of the highest order for agriculture. And in my opinion, few regions of the country can match the opportunities and potential rewards for meeting these responsibilities that you have, here in the great State of Tennessee. I speak not only of your natural resources, but of the energies and character of Tennessee's people.

My job--and the aim of the Administration--is to do all we can to help you fulfill agriculture's great responsibilities and, in the process, to help you to gain an income level at least on a par with the rest of the economy. Farmers should have every right and opportunity to earn as much as city people are making. That's my goal.

Now I'd like to report to you on what we have been doing to move you toward that goal.

Dock strikes. Since my first day in office, we've hammered away trying to end the dock strike that started last July. Along with that, we've tried to bring about a lasting remedy for transportation tie-ups that periodically victimize farmers, depress farm prices, and shrink your income.

I invited farm commodity groups to come to a meeting at the Department which 80 attended, from all parts of the country. I wish you could have heard them stand up one by one and tell what the dock strike was doing to your markets, and to farm prices, and to your income, commodity by commodity. It would have made you boiling mad, as it did me, to hear this while some labor leaders and Congressional leaders sat on their hands for months while

your income suffered. I wrote letters; I went on radio and TV; I spoke out at every opportunity on the need to get those ports open so that farm products could move again to overseas markets.

The seven long months of dock strike cost American farmers an estimated billion dollars in lost export sales, in lower prices, in spoilage, in higher storage costs, and loss of future markets as foreign buyers tired of the mess and turned to other countries for supplies.

An end to this disastrous strike now seems to be in sight, and there are signs that Congress may be moving toward passage of legislation to deal more effectively with transportation tie-ups.

Congress has passed a standby compulsory arbitration law to bring an end to the West Coast strike.

However, there is still no permanent legislation on the books to prevent another shameful, costly mistake from happening again--at your expense. This dock strike came out of your hide.

Nobody knows when or where the next transportation tie-up will come. I know that you and other farmers are getting mighty fed up with strikes and threats of strikes, and you should. They always seem to come just at harvest time when your year's income depends heavily on moving your products to market promptly. The most maddening part of it all is that, like the dock strike, these tie-ups invariably stem from labor disputes in which you have no part and no vote.

I agree with President Nixon 100 percent that there has to be a better way to deal with transportation strike emergencies. I think you should beat on the Capitol door demanding that Congress adopt the Crippling Strikes Prevention Act or comparable legislation. You have a direct, personal interest--good dollars and cents reasons--to see that this legislation is enacted. Your farm organizations and your commodity groups should not be satisfied until we overhaul our system of

dealing with transportation strikes.

Exports. You realize full well that export sales mean to soybean growers, cotton growers, and livestock raisers. Fully half of all the soybeans you produce go to overseas markets. In addition, there is a big foreign business in many meat by-products--beef tongues, tallow, hides, meat meal, casings--what some people refer to in the cattle business as the "fifth quarter" of the beef animal. Right now, the fifth quarter is worth about \$22.50 a head. On a weekly Federally-inspected kill of more than 600,000 head of cattle, that amounts to more than \$13 1/2 million each week. Fifth quarter exports are running well over 1 1/2 million tons a year--a full half of the production is sold overseas. The potential for sales of these products abroad is growing. This is part of the reason why we intend to fight to maintain access to foreign markets so that you can sell these livestock and crop products overseas.

But we are meeting resistance. We're having trouble keeping the doors of foreign markets open to you on a fair basis. Within the last two months, we have dispatched our top Department of Agriculture negotiators four times to go to the European Common Market headquarters at Brussels on your behalf. Our officials have met two times with the Japanese. These USDA officials were working for you. You deserve a fair shake in the world markets, and I'm going to try my best to see that you get it.

Food prices. As soon as beef cattle prices reached their highest point in 20 years--getting up to the 1951 level--you began to hear agitation for "price controls" on food. Last week I went to the country and spoke in five cities against controls on food. I was on CBS national television yesterday morning speaking against food price controls.

There can't be price controls on food without you getting hurt and without consumers getting hurt. I intend to fight for farmers and resist every move to impose controls that in the end would do more harm than good. Controls would merely put a ceiling on farm prices that are still too low--and just at a time when they are getting nearer to what they ought to be.

Look at other costs and prices: Industrial wages, fringe benefits, prices for services, dividends, and almost every other indicator you can think of have marched steadily upward over the past two decades. The economy has grown and moved forward leaving farm prices in the lurch. Farmers have a lot of catching up to do, and I mean to see that they have a fair chance.

The prices received by farmers are a long way from being inflationary. Farm food prices are up only 7 percent from 20 years ago. Wholesale food prices have increased 22 percent from 20 years ago. Retail food prices are up 44 percent from 20 years ago. Yet when food prices in the store go up a little, who's the scape-goat? You're right--the farmer.

The plain truth is that the increase in food prices is due primarily to higher wages and income. First, the higher wages bring about higher costs all along the line of transporting, storing, processing, and distributing food. Average wage rates per hour in the Nation are 2.4 times higher than 20 years ago. The average hourly labor cost for marketing food products has increased 66 percent in the past 10 years alone.

Second, higher incomes mean that there is more competition for food-- especially for the higher-priced cuts of meat. A sizeable part of the supply of Prime and Choice grade beef is sold through hotels and high-class restaurants. They bid against housewives for these cuts, and housewives compete among themselves for the better cuts. This is a result of our greater affluence. Even Food Stamps have made it possible for more people to buy more and better-quality foods.

Food, however, is one of the most reasonable buys available for at least three good reasons: (1) Farmers have been extraordinarily productive; (2) Production of farm food is an extremely competitive business which keeps margins low; and (3) Farm prices have been lower than they should be.

Retail food prices have gone up--but not as much as the other chief categories in the cost-of-living index.

The truth is that 20 years ago, people paid 23 percent of their take-home pay for food; in 1971 they spent 16 percent of their take-home pay for food; and in 1972 they are expected to spend less than 16 percent of their take-home pay for food. And that includes the food eaten in restaurants and hotels, where higher labor costs and service charges have caused the largest rises in food costs.

The plain truth is that the farmer today is receiving a smaller share of

each dollar that the consumer spends on food than he did 20 years ago. In 1951 the farmer's share was 49 cents; today it is 38 cents.

I say, it's about time farmers got better and fairer prices for their food. And this is something I will continue to tell within Government, to the Congress, and to consumers.

The fuss over milk price supports illustrates how self-styled consumer champions have misled the public. Whereas the farmer's share of each dollar spent for milk at the store was 56 cents in 1951, it's now down to 50 cents. The support increase won by farmers last year amounted to about half a cent a quart, which the self-appointed consumer spokesmen want taken away.

The increase was so microscopic it had practically no effect on manufactured dairy items consumers buy. In the case of ice cream, for instance, 78 cents out of each dollar of retail price goes to pay marketing costs--the farmer gets only 12 cents. Yet court action has been instituted in the name of consumers to whittle down that 12 cents. How ridiculous can they get?

Meat facts. I want to tell you, as livestock producers, that I am telling the facts about meat being nutritious, plentiful, and a reasonable buy. I have told that to the public, in numerous speeches, on radio and television, and in press conferences. I'm going to keep it up, because I think farmers deserve credit, not criticism; I think farmers need to be rewarded, not repudiated.

Some of the facts about meat prices are these:

Recent broiler prices at the farm are less than they were last year, and less than the 1967-69 average. They are so low, in fact, that broiler producing firms are going out of business because they can't make a profit.

Average farm hog prices in January were 10 percent less than in January two years ago, and 10 percent less than in January six years ago--and hog prices this month are running lower than the top prices in January.

Consumers should never forget that good prices are the best means of insuring a plentiful, reliable, safe supply of beef in this country. Our economy operates on the profit motive, not the loss motive--and the profit motive is what made beef go into the rough competition of the marketplace and win for itself an increase in per capita consumption from 56 pounds 20 years ago to 115 pounds today. In that 20 years the beef industry increased its output by 13.3 billion pounds, a remarkable increase of 2 1/2 times.

People need to know that there are no price supports on meat, and no production controls. Those who remember the mess we got into when the Government imposed wartime meat price controls dread to think of going back to the shortages, the black markets, the rationing, the under-the-counter favoritism, and all the other unpleasantness that came with price regulation. I'm going to fight against that.

Farm income. We have a real fight on our hands to get farmers' income up to the level of city people. Compared with 20 years ago, farmers are paying almost double in production costs, more than double the wages for help, farm real estate taxes that are 3.6 times higher, and twice what they had to pay for farm machinery. Farm debts are nearly five times larger than 20 years ago--farmers have had to borrow on the equity of their land each year to stay in business while nearly everyone else has been enjoying regular pay increases.

We are all pleased that your prospects for 1972 are looking better. Chances are that livestock farmers will gross \$1 3/4 billion to \$2 billion more than in 1971. Overall, America's farmers should take in \$3 billion to \$3 1/2 billion more gross income this year than last. Even better news is that farm costs may increase less than before as Phase II of the Administration's economic program slows down inflationary trends.

That means that farmers should have \$1 1/2 billion to \$2 billion more realized net income from farming in 1972 than 1971--a 10 to 12 percent increase. And isn't it about time?

If 1972 turns out the way it now appears it will, farmers' realized net will average \$16.4 billion for the four years, 1969 through 1972--compared with an average of \$13.8 billion from 1961 through 1968. That's a 19 percent increase, and it's progress--but it's still not good enough.

It's still not good enough because the average disposable income of farm people is still only three-fourths as much as the average income for non-farm people. That's considerably better than the average of the preceding eight years, but I'll never be satisfied with conditions that force farmers to work for 25 percent less than the rest of the Nation.

City people want a fair wage, and they should get it. Businessmen want a fair return on their investment, and they should get it. And everybody should realize that farmers want a fair return for their work and investment--and they should get it. That's why I am pushing a variety of efforts to boost farm income, ranging from the new options in the major commodity programs to better credit terms and availability for small farmers and rural communities.

Disease control. We aim to bring more direct and more economical services to you, in the never-ending fight to cope with animal diseases. Just last month Tennessee became the 33rd State to eradicate hog cholera and since then three more have been declared cholera free. Four more are expected to qualify during March, bringing the total to 40 "free" States by the end of next month.

We will soon begin to accelerate efforts to eradicate brucellosis, putting emphasis on a system of market identification as a means for locating infected animals. This will replace the former method of down-the-road testing and should save time for the livestock owner. At present, 24 of the 50 States plus the Virgin Islands have eliminated brucellosis and most of the remaining States, including Tennessee, are well along the way toward eradicating this costly disease.

Family farms. I am doing my utmost to see that small farmers and family farmers have the chance to grow into economic farm units that will keep up with the times, so that they and their growing families can live as well as others.

To help family farmers get more leverage, we are organizing marketing teams to mobilize expertise, on a commodity by commodity basis, and bring it to bear on farmers' marketing problems. They will consult with farmers, industrial firms, university people, and all who can contribute to devising innovative approaches to improving the flow of commodities from farms to markets at better rates of return for producers.

We are planning to explore ways of improving the tax structure of family farmers. We must find alternatives to the burden of taxes on farm land--the gravity of this problem was recognized by the President in his recent State of the Union Message.

I'm also for giving you more say over the prices of what you sell, more say over the terms, and more say over your own operations. This is why I favor the principles of better farm bargaining legislation...and I urge that you look at this carefully from all angles. Give full consideration to its potential in helping you attain a real voice in the marketing of your products.

Economic growth. We are seeking the best ways to improve economic opportunities in rural America and are pushing a countryside growth program to increase economic activity and job opportunities in rural communities.

We want more of this Nation's future economic expansion to be invested in rural America, so that farm and rural people can find more and better jobs in their home areas instead of having to move to some far-off city that is already over-crowded and congested. You are setting a good pace for this type of activity here in Tennessee--in McMinnville in Warren County, for example, Rogersville over in eastern Tennessee, and Dyer and Obion Counties in the western part of the State. Another outstanding example of the kind of progress we have in mind is Bowling Green, just over the line in Kentucky.

Last year, funds for rural credit advanced by the Department of Agriculture reached a record high of more than \$2.5 billion in supplementary financial assistance made available to rural people for housing, family farms, and community facilities. The President supports proposals now in Congress to expand the Department of Agriculture's credit programs to include industrial and commercial development, and community facilities such as industrial parks...all aimed at creating more jobs for rural people.

The task of sparking new activity, of building for a better total environment, is one that justifies the cooperation of each one of us. It could well be the most important challenge we face--because on our success may hinge the very nature and character of the United States of America for years to come. Let's consolidate our forces and move ahead on the job!

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It is inspiring to see this audience, from all parts of the Commonwealth, representing a splendid cross-section of this State's most important industry. I am reminded of the words of a famous Virginia statesman more than 200 years ago:

"We are not weak if we make a proper use of those means which the God of Nature has placed in our power."

Patrick Henry uttered those words when the United States of America was but a dream. In the two centuries since, we have seen that dream come true, far beyond his greatest expectations.

His words are especially applicable to those who through the years have made the Virginia agricultural community this State's greatest economic force, the biggest volume producer of commodities and goods, the most important generator of jobs and income for Virginians.

Day in and day out, you who comprise the Virginia AgriBusiness Council are exemplifying the truth of what Patrick Henry said, whether you are engaged in the production, processing, or marketing of farm commodities, or in supplying goods, services, or financial credit to Virginia's farmers.

You are making the Great American Dream a reality by making use of those means which the God of Nature has put in your power. From the earth you produce a yearly renewable supply of the Nation's real wealth--grain, fruits, vegetables, meat, milk, tobacco, peanuts, forest products. These you transform into valuable consumer and industrial goods; you package and distribute them to enrich the lives of countless people in this State and throughout the Nation.

Address by Secretary of Agriculture Earl L. Butz before the Virginia AgriBusiness Council, Richmond, Va., Feb. 26, 1972 8:00 p.m. EST.

The Miracle of Food

In so doing, you form an integral part of America's foremost industry, one that makes the Great American Dream a living reality through the miracle of food--our matchless ability to produce more than enough food to keep our population alive, healthy, and productive.

Think of the contrast with Patrick Henry's day. Then the vast majority of people lived and worked on farms. Most of the labor force, 90 percent or more, had to toil to meet their own, and the population's food needs--even though those needs were minimal and austere by today's standards. Today, only a small part of our work force, less than 5 percent, produces the food for 206 million Americans plus millions more people in other countries--food that is the best quality, with the most variety, and lowest priced in the world.

So efficiently do we accomplish all this that now more than 90 percent of our population is available to produce the rich variety of goods and services that add so much to the American standard of living. Indeed, our real standard of living per person has increased some 50 percent even though, in the last generation, we have carried the burden of World War II, the Korean War, and the Vietnam conflict.

Agricultural efficiency--food-producing efficiency--is the first key to making the Great American Dream come true. In Russia, another country endowed with land and water resources comparable to ours, the task of food production requires nearly half of their workers to keep their population going. Hence there just isn't enough manpower, or womanpower, left to produce things to bring their every-day living standards up to the American level. In varying degrees, ranging from Western Europe to South America and the Orient, the same is true of most other nations.

Significance of the Food Bargain

Nowhere on earth can an industrial worker buy as much food for as little time on his job as in the United States. Nowhere can the consumer meet his food requirements for as small a share of his take-home pay as in America. This is a fact of utmost significance.

The American consumer not only buys food for the lowest average percent of his or her disposable income on earth; he or she has also benefited from progressively better food bargains year after year. Twenty years ago, people spent 23 percent of their take-home pay for food; last year the average was down to 16 percent; in 1972 they are expected to spend less than 16 percent of their take-home pay for food--including meals in institutions, restaurants, and hotels, where labor costs have been getting higher and higher.

This has broad consequences for people. With the percentage of disposable income spent for food dropping from 23 percent 20 years ago to less than 16 percent now, people have more money to spend on homes, TV sets, college educations for their youngsters, concerts, sports events, travel--all the good things that make existence more satisfying in America--and all the production of goods and services that keep our economy dynamic and on the move.

This is why I say agricultural efficiency is the chief key to America's greatness. This is why we can be proud to have some small part in contributing to our agricultural progress and power. This is why any person involved in our food-production task, be he a farmer, processor, or farm supplier, has every reason to stand high and proud.

You have that pride. Your presence here tonight gives witness to how you feel. And I am gratified that through your efforts, such as the publicity you are sponsoring--like the impressive advertisement I saw in the Virginia Poultryman--you are trying to get the story across to the people of America.

Industrial Unity Is Needed

With your help, we need to remind consumers constantly how their bargain-price food gets to the retail counter and on to the dining room table. We need to remind them that behind every quart of milk there's a cow, behind every pork chop there's a pig, behind every loaf of bread there's a bushel of wheat. And behind each of those products is a farmer.

We need to help the great consuming public understand the true nature of the miracle of food, and the real values their dollars are buying in terms of safe food, improved food, well-packaged food, food processed to save the housewife hours of drudgery in the kitchen.

The miracle of food is achieved not by farmers alone, not by food processors alone, but by many people of the agribusiness community working together. For every farmer there's at least one worker engaged in supplying the farmer with equipment, goods and services that enable him to handle more acres, gain higher yields, and do his work easier and better. For every farmer, there are at least two workers involved in the processing and distributing of products that originated on the farm.

Without these other essential members of the agricultural family, each farm worker of America today would not be supplying food and fiber for 51 persons--three times the number of 20 years ago. Without the inputs of research, science, education, technology, and financial credit, and without an agribusiness industry motivated by the competition for profits, we would be unable to boast as we can, about the miracle of food and the Great American Dream.

For this reason, I for one hope that we may maintain the unity of our agricultural family. As in every family, we have internal differences from time to time, but we cannot afford to lose sight of the fact that we are indeed mutually dependent on one another, and we do mutually assist and support one another in the paramount task of food production.

One name for this family is agribusiness. Anybody who tries to say that one part can get along without the other is off base. He either doesn't know what agribusiness really is, or he is a mischief maker trying to sow seeds of discord for his own ulterior motives.

Machine Must Be Kept in Top Order

The farmer's future is your future; the farmer's economic ups and downs can be your ups and downs. The actions which we of the Department of Agriculture take in behalf of farmers are actions which in the long run will directly or indirectly affect agricultural businesses, too.

I was made particularly aware of this fact during our strenuous efforts to bring an end to the West Coast dock strike. We invited commodity groups from all over the country to come to the Department and tell how the strike was affecting them. It would have made your blood boil, as it did mine, to hear leaders of commodity groups recite what the strike was doing to markets, to farm prices, and to farmers' income.

It now appears that the dock strike situation has been resolved, with West Coast longshoremen back on the job and Atlantic and Gulf groups seeking a settlement of their disputes. President Nixon was a driving force in ending the work stoppages. The President has said many times that we need permanent legislation to prevent another costly work stoppage of this kind from happening again. I agree 100 percent with the President that our system of dealing with transportation strikes needs a thorough overhaul. I urge you to beat on the Capitol door demanding that Congress pass legislation to adequately deal with such transportation tie-ups.

The dock strike was but one example of the kind of trouble, arising outside the agricultural community, that can do hundreds of millions of dollars' worth of damage to farmers' markets and farmers' income. All of us here understand the need to keep the American agricultural machine in top working order. That takes income, because we have a \$300 billion agricultural plant to maintain. On top of that, agribusiness which many of you represent has an investment of \$100 billion or more. Our responsibility--yours and mine--is to keep the food-production in the best of condition because food is the first law of life--the first claim any society makes on its total resources is to produce food for the population to stay alive and be productive. Only after that is done can a nation develop the affluence and good life that we seek, as we have done so well in America.

Efforts to Improve Farm Income

My job--and the aim of the Administration--is to do all we can to help agriculture fulfill its great responsibilities and, in the process, to help farmers gain an income level at least on a par with the rest of the economy. Farmers should have every right and opportunity to earn as much as city people are making. That's my goal.

We are making progress. The prospects look good for some degree of improvement in 1972. But it's a tough goal to achieve. You need look no farther than what's been happening to the business of farming here in Virginia to see what we're up against.

Twenty years ago, cash receipts from farm marketings in this State amounted to \$509 million dollars. That was the first year in history that sales of Virginia farm products exceeded the half-billion-dollar mark. In 1971, they amounted to \$587 million, a fairly substantial increase. When you look at total gross farm income, including Government payments, you can see that Virginia

agriculture is a dynamic, growing industry, because gross farm income went up from \$655 million in 1951 to \$719 million last year. But the sad fact is that while this was happening, net farm income declined seriously, from \$309 million in 1951 to \$165 million last year.

You know the reason why. In 1951, the costs of farm production in Virginia amounted to \$346 million; in 1971, farm production expenditures totaled \$554 million. This is not unique with Virginia farm producers. Throughout the country, farmers are paying almost double in production costs, compared with 20 years ago.

The contribution that inflation has made to these rising costs points up the necessity for the actions that have been taken--the wage-price freeze and Phase II economic controls--to slow down the rise in inflation. I'm pleased to observe that these measures are taking effect. Farm prices in January were 13 percent higher than a year ago; farm costs were up about 5 percent, so that was a net gain and is the forerunner of a brighter picture in 1972.

Food Price Controls No Answer

Much more needs to be done, however, to get the Nation's economy back on an even keel and to give farmers the opportunity for the better future that they deserve. We are pushing many kinds of efforts to boost farm opportunities--acreage diversion programs for major commodities such as wheat and feed grain, increased funds for environmental improvement and economic development in the countryside, marketing teams to help family farmers improve their sales and returns, research on more effective and economical methods of dealing with pests and animal diseases. We are trying our level best to bring farm output into line with demand in a way that will firm up farm prices and curb excessive and wasteful over-production.

As farm prices have begun to firm up, we have heard talk of food price controls.

I say that to make the farmer the scapegoat is ducking the issue. I say that food price controls are no answer to the problem of inflation--no bona fide, lasting answer. I say that the 7 percent increase in prices received by farmers for food over the past 20 years cannot be considered inflationary. And I say that farm prices have not reached fair levels, when you realize that farmers are paying almost double in production costs, more than double the average wage for help, 3.6 times more in real estate taxes, and are carrying 5 times more debt than 20 years ago,

Price Control Proposition

Speaking in behalf of farmers, I'll make a proposition. We'll agree to price controls on farm products as soon as other industries match the increase in productivity per man hour that farmers have achieved. Output per manhour on farms is 3.4 times higher than 20 years ago, twice the rate of increase for manufacturing industries.

We will agree to price controls on farm products when farmers' returns have gone up as much as industrial wages. Wage rates for production workers in manufacturing are 2.3 times higher than 20 years ago. Have farmers done that well? Already wage contracts negotiated recently for such major groups as coal miners, railroad workers, and aerospace industry employees exceed the 5.5 percent pay guidelines. Those rates won't come down; can farmers say the same?

For the American people to win the battle over inflation and to reap the rich harvests that our tremendous productive capability can make possible, the cooperation of every last one of us will be needed. If management and labor will demonstrate their sincere willingness to abide by the guidelines, if industry turns out goods like our farmers are turning out a record food supply, agriculture will talk about food price controls. Then the need for controls will abate and we can all look forward to the kind of sound growth in an economic system which made the country strong.

This battle to curb inflation is bigger than any of us in the agricultural community. It is a battle that all Americans must wage, I think if we as a people get serious about it, we can win--but it will take the best we have. And it will be worth it, for our very future as a Nation may well hinge on the outcome.

Let us engage in the battle in the spirit of that patriot with whose words I opened my remarks tonight. In that same speech, delivered only a short distance from where we are gathered, Patrick Henry said:

"The battle, sir, is not to the strong alone; it is to the vigilant, the active, the brave."

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For P.M. Release
Feb. 29, 1972

After I accepted the invitation to address this great meeting of rural people, I must confess I had some second thoughts--not about you, or the theme of the meeting, or anything like that. It was just the location. Being here might bring up questions later on because, except for the strong element of chance, Las Vegas doesn't have much connection with agriculture.

However, as I dug deeper into the nature and purposes of your meeting and your organization, I learned that you came to Las Vegas because it is one of the few cities in the country that can provide the facilities you require for the 10,000 people who attend your annual meeting. Knowing all the risks farmers have to take with the weather, pests, and market conditions, I'm confident you can take this city's unique attractions in stride. I wish you luck!

You and I have lots in common. We have our roots in rural America. Most of you had your beginnings on a farm, as I did. We know the wonders of life and what it means to take care of growing things--we place the preservation of life and its well-being ahead of the material or mechanical. This has led to a philosophy that a strong, productive, thriving, rural America is as essential to the United States of America as the heart is to the human body.

Address by Secretary of Agriculture Earl L. Butz before the National Rural Electric Cooperative Association, Convention Center, Las Vegas, Nev., Feb. 29, 1972, 9:30 a.m. (PST).

Rural people bring to this Nation the strengths and characteristics that America needs--and that this generation and these times need. Life in the countryside is home-centered, community-centered, church-centered. It places high value on work, production, integrity, dependability, self-reliance, and what some call good old-fashioned patriotism. I say it's patriotism, pure and simple, neither faddish nor wrapped in an easily disposable slogan. And I say we need more of it. We need more people whose hearts stir when they see Old Glory go by.

All of those qualities, so well nurtured in rural America, are vital to maintaining the strength and vigor of our still-youthful Nation. As the shift continues from a once predominantly rural situation to an urban society, we face the danger of losing some of the fundamental virtues that served us so well in times past, unless each of us strives to keep them alive. They are more important today than ever.

Working for a Better Rural America

In view of this, your commitment to improving the quality of living in the rural countryside takes on priority importance. I want to emphasize that the Nixon Administration and Department of Agriculture share that commitment. We are right on frequency with you. We are building an active rural development program with a double-pronged approach--raise farm income and stimulate private economic activity that creates jobs off the farm in rural towns and communities.

This is a broad-gauged effort for the long run. This Administration wants to see that more of the future economic growth of the United States takes place in countryside areas. We want farmers and their rural neighbors to have the chance to earn incomes and enjoy life on a level at least equal to that of city people. You as individuals, and collectively through your associations, can

help make this possible--and you are working at it. You have already accomplished a great deal, but much remains to be done, and I know that this will have your continuing commitment.

I am well aware that you have been working effectively for rural improvement at every stage of your growth. I remember when the REMC's first came into Indiana and into my own local area. I saw the transformation that followed. It was human liberation--liberation from darkness, drudgery, back-breaking work, and depression. I know that many rural electric cooperatives are taking a positive part in community development efforts, and that the successes are contributing in an important way to rural growth. And I am aware that your cooperatives help build the kind of viable community that attracts risk capital with expanded job opportunities.

Belief in Continuing Education

Something else that you and I share in common is our belief that education is a continuing process. When President Nixon asked me to become Secretary of Agriculture, I was serving as Dean of Continuing Education at Purdue. There we tried to help people who did not want to be left behind the times as professionals or as citizens. In much the same spirit, your State and national associations provide continuing education for directors, managers, and employees of your cooperatives. This annual meeting itself is a part of the process, because these gatherings provide opportunities for exchanges of information and learning in ways to serve people.

Your efforts to help widen the horizons of many young people by sponsoring visits to Washington are education and statesmanship of a high order. I would like to commend you for arranging for hundreds of high school students, as they complete their junior year, to see government in action in our Nation's capital. I know personally what this can mean to them.

Forty-two years ago this summer, I went to a National 4-H Club camp at the Department of Agriculture. I was among some 200 who lived in tents for a week on the mall in front of the USDA Administration Building. A young lady was there as one of four delegates from North Carolina; I was one of four from Indiana. We met that first night, seated in the Agriculture Department patio. Seven years later, Mary Emma Powell became Mrs. Earl Butz. Now their office is in the very building where they first met, so who knows what dreams will materialize and what horizons will open from sending your young people to Washington each year?

Priorities for Progress

Your meeting theme, "Priorities for Progress," prompts us to single out the great priorities for rural electrification and agriculture.

You recognized one top priority--adequate financing--when you moved to create the National Rural Utilities Cooperative Finance Corporation, and then underwrote it with \$120 million of your own funds--self-help at its best. That money is now coming back to you in loans from CFC. Since your annual meeting last year, CFC has made loans of more than \$60 million. Together with REA loans, this made it possible for you to finance \$400 million worth of expansion in calendar year 1971.

Early this year, President Nixon approved our request that the Office of Management and Budget release an additional \$109 million of loan funds for the electric program. This means that the total of \$438 million that REA now has for electric loans in fiscal 1972 is the second largest authorization in its history. This is \$101 million more than the total for fiscal 1971, and is exceeded only by the 1950 fiscal year total, 21 years ago, of \$500 million. With this additional allocation, REA should have adequate funds to meet top

priority needs during the rest of the current fiscal year. And for the next fiscal year the President has proposed an authorization equal to this year, another \$438 million, again the second highest on record.

The availability of this amount of loan money, at a level substantially above the average of \$350 million that has prevailed over the past 10 years, testifies to the fact that the President is intensely aware of the loan needs of the nearly 1,000 rural electric systems financed by REA.

As we think of how those funds will be put to work, and their potential for good in the rural communities you serve, another priority comes to mind. Even greater than the need for dollars is the need for leadership. The depth of leadership that your cooperatives develop must be regarded as one of your most important contributions to America.

Cooperatives involve people. They work at information gathering, marketing, budgeting, managing, buying, promotion, raising capital, hiring, building, legislation, and a host of activities that develop well-informed, articulate, effective leadership among rural people. This encourages participation in local government and support for good government and fiscal responsibility. This is the kind of leadership that has made America great. We need this asset more than ever as we continue to move from a rural-oriented society to a more unsettled, urban-oriented society.

There are other priorities in rural electrification that I'll let Administrator David Hamil discuss. For the remaining few minutes, I should like to give you a report on some of the problems we are tackling in behalf of farmers, and what we can expect in 1972.

Increased Options for Grain Producers

We are on the threshold of the second year of the crop set-aside programs under the Agricultural Act of 1970. I have spent much time studying this approach, and will be keeping a close eye on developments during the current sign-up and planting intentions period.

The whole idea of the set-aside plan is to give farmers more freedom, more options, in what they plant and how they manage their farms. We are trying to move away from Government controls, penalties for over-planting, quotas, cross-compliance requirements, and all the rest. And we are seeing some healthy shifts in cropping patterns--movements in centers of farm production to areas best suited for our major crops.

Looking ahead, we hope the new voluntary acreage diversion options for wheat and feed grain will increase the individual farmer's income possibilities; and our aim, at the same time, is to offer a program that will enable farmers to cut back national grain production enough to strengthen market prices. I'm for rewarding those farmers who help work down our grain supplies, so that production can be brought into better balance with market outlets. That's the way to get agriculture on the right track, with better prices and better incomes for farmers.

Corn prices are still too low for my satisfaction or for the satisfaction of most corn producers, although I am told that livestock feeders are not too unhappy about it. We have helped firm up feed grain prices with a series of actions--resealing 1969-70-71 corn to 1973, emergency storage provisions, corn relocation, and Government buying. All have helped strengthen prices. What seems quite significant to me is the healthy rate of corn disappearance. An unprecedented movement of 1971 corn under Government loan will put pressure on the free market supply of corn by mid-summer.

As we try to help farmers cut back acreage and production of all grains and work stocks down to manageable levels, farmers may take in a little less cash from the sale of crops this year than in 1971--but this will be more than offset by higher Government payments and by considerably higher prices for livestock.

Strengthening Family Farmers

I aim to do what I can to help small farmers and young farmers have the chance to grow into economic units that will keep up with the times, so that they and their growing families can live as well as city people. I am reflecting the point of view of the President and the Administration when I tell you we want to see farmers do better so that they will find more opportunity to stay in agriculture. That's good for farmers, good for farm communities, good for the rural countryside, and good for the Nation.

We are making some progress in this regard, too. The average decline in the number of farms during the last three years has been 47,000 a year. That's considerably better than the average loss of 106,000 farms a year during the preceding eight years of 1961 through 1968. But we want to do still better.

That's why we are concerned about conglomerate companies that enter farming and throw their weight around to get lower interest rates, easier access to capital, tax advantages, and more direct access to markets than many individual family farmers can get. To help family farmers develop more leverage, we are establishing marketing teams on a commodity by commodity basis to bring expertise to bear on farmers' marketing problems.

We need to find alternatives to the heavy burden of taxes that rests on farm land throughout the country. Property is no longer a measure of ability to pay. Assessments keep going up, and farm property taxes are becoming an unbearable load for most farmers to carry.

I also intend to fight to give farmers more "say" over the prices of what they sell, more say over the terms, and more say over their own businesses. This is the reason I favor the principles of better farm bargaining legislation.

The First Priority: Improved Farm Income

The most important agricultural priority of all is the need to boost farmers' net income. During the past 20 years, farmers have seen production costs almost double, wages for farm workers more than double, and real estate taxes increase nearly three-fold over what they were in 1951--yet farm realized net income has increased a bare 6 percent. Farmers are carrying debts nearly 5 times greater than 20 years ago, and many farmers have had to borrow on the equity of their land to stay in business while nearly everyone else has been enjoying regular pay increases.

We can all be gratified that farmers' prospects for 1972 are looking better. Overall, farmers should take in \$3 billion to \$3 1/2 billion more gross income than last. Even better news is that farm costs may increase less than before, owing to the effect of the Phase II economic controls. That means that farmers should have \$1 1/2 billion to \$2 billion more realized net income from farming in 1972 than last year--a 10 to 12 percent increase. And it's about time!

If 1972 turns out the way it now appears it will, farmers' realized net income will average \$16.4 billion for the four years, 1969 through 1972--compared with an average of \$13.8 billion from 1961 through 1968. That's a 19 percent improvement, and it's progress--but it's still not good enough. The 1972 net income of around \$17.2 billion to \$17.5 billion will be an all-time high.

It's still not good enough because the average disposable income of farm people is still only three-fourths as much as the average income of non-farm people. While that's considerably better than the 68 percent average of the preceding eight years, I'll never be satisfied with conditions that force farmers to work for 25 percent less than the rest of the Nation,

Need for More Rural Opportunities

An important part of the answer will lie in our efforts to swing more of this Nation's future economic expansion into rural America, so that farm and rural people can find more and better jobs in their home areas instead of having to move to some far-off city that is already over-crowded and congested. This is where you and REA come in, because you are in the vanguard of building a more dynamic rural economy.

Other agencies of the Department of Agriculture and the Federal Government are giving increased attention to this urgent task. During the past year, funds for rural credit advanced by the Department of Agriculture amounted to a record-breaking high of more than \$2.5 billion in supplementary financial assistance made available to rural people for housing, family farms, and community facilities. We have hopes of seeing the loan policies of Farmers Home Administration broadened to encourage commercial and industrial development, as well as such community facilities as municipal centers and industrial parks. This will be in line with the recommendation President Nixon made in his Rural Development Message to the Congress, just last month.

Projects like these, such as your own construction programs, create jobs as they go along. But what's vastly more important, they can develop more permanent job opportunities in rural areas for farm and rural young people so that they can enjoy a good life nearby if that is what they seek. We're also working at conservation and environmental improvement for the same reason--good water supplies, recreational facilities, and pollution-free settings are what people prefer where they work and make their homes.

These are some of the challenges that lie ahead this year, next year, and for years to come. They are worthy of your best efforts and mine.

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Where do American agriculture's greatest opportunities lie? What policies is the Government pursuing to help you gain the most from these opportunities? How do family farms fit into the picture? What are the prospects for the year ahead?

Basic questions of this kind are appropriate for the Northwest Farm Forum, which has a national reputation for providing agricultural leaders a means to exchange information and points of view. Ideas generated here have contributed significantly to policies and actions in farmers' behalf. I have been privileged to participate in several of these conferences, first when I was an Assistant Secretary of Agriculture under President Eisenhower, and I am glad to be with you again.

I come before you as your hired hand. That's my approach to my position as Secretary of Agriculture, and we keep this in mind at the Department of Agriculture, and we keep this in mind at the Department of Agriculture--we work for you. Today I'd like to make a report to you on some of agriculture's fundamental problems--which I prefer to regard as opportunities--and what we are doing about them in your behalf.

We are working to expand markets. One of our most vital tasks is to find ways to absorb the tremendous output from our agricultural plant; and one of the best answers, of course, is increased export sales. Market potentials overseas are growing because the economies of many foreign countries are getting stronger and people's demands are increasing for better diets--more proteins, more meats, more oils. Foreign trade represents the most promising growth area for American producers, and I know you are well aware of that fact.

Address by Secretary of Agriculture Earl L. Butz before the Pacific North West Farm Forum, Ridpath Motor Inn, Spokane, Wash., Feb. 29, 1972, 7:30 p.m. (PST).

We are zeroing in on the foreign trade area, and we commend the tremendous contributions that the State Wheat Commissions of Washington, Oregon, and Montana are making with regard to boosting wheat exports to the Orient. Aggressive promotional efforts, in which State representatives and private industry leaders have had important parts to play, and hard-nosed negotiations to gain access to foreign markets, have led to encouraging results. In contrast with the decline that was occurring when President Nixon came into office, agricultural exports reached record highs of \$7.8 billion for fiscal 1971 and \$7.7 billion for the last calendar year. But that's not good enough. The President has set a \$10 billion goal for farm exports. We intend to strive for that level, even though we are meeting resistance.

One of the chief threats to expanded foreign sales is protectionism, creeping up all around the world. With one out of every two bushels of American-grown wheat being sold abroad--and the same is true of soybeans and rice--we can't afford to be shut out of foreign markets. Yet for the same reason, neither can we afford to close our doors to foreign products. We are working for an open trading world, with international commerce on a reciprocal give-and-take basis, where in each country can use its comparative advantage for the good of all.

We intend to see that the doors of foreign markets are kept open to you on a fair basis. Just in the last two months we have dispatched our top Department of Agriculture negotiators four times to go to the European Common Market headquarters at Brussels on your behalf, and our officials have held two conferences with the Japanese. These USDA officials were working for you. You deserve a fair shake in the world markets, and I'm going to try my best to see that you get it.

We are working to assure that farm products move to market on time. My blood still boils when I think of the crippling blow the dock strike dealt to Northwest

agriculture--particularly in view of the long, arduous efforts your Wheat Commissions, university scientists, and producer and marketing organizations made over the years to cultivate Oriental tastes and markets for American wheat. The millions on millions of dollars that the recent strike cost you can never be fully calculated when you consider the lost sales, depressed prices, unrealized income that resulted--and the potential future markets lost as foreign customers turned to other sources. Now the painstaking job of rebuilding customer confidence and restoring markets must be done all over again.

I say, never again! Never again should the farmers of the Northwest and the Nation be forced to go through that sort of blood bath another time. Never again should farm producers be penalized by internal disputes like that which hog tied America's foremost industry for seven months since last July.

The Administration eventually forced a settlement of the West Coast strike. That was the first round. But Round Two remains--to get permanent legislation empowering the President to deal sensibly with transportation strikes. For two years, remedial legislation has been bottled up in committee; leaders of Congress, including professional bleeding hearts who bewail the plight of family farmers, twiddled their thumbs while you were getting hurt. You have a direct, personal interest--good dollars and cents reasons--in demanding that Congress adopt the Crippling Strikes Prevention Act. Your farm organizations and commodity organizations ought to put on the pressure to get this new law passed--the well-being of the Northwest is very much at stake.

We are working to help farmers gear output to market opportunities. The aim of the wheat and feed grain programs is to free you from the strait-jacket of Government controls, quotas, over-planting penalties, cross-compliance, and all the rest. The aim is to give you more flexibility, more freedom in what you plant and how you manage your businesses--better opportunity to earn profit in the marketplaces of the world.

Here again, we are beginning to see encouraging results. Major shifts are taking place in the Nation's cropping patterns. The centers of production for major crops such as wheat are moving away from the less profitable growing regions to prime areas like the Northwest. The set-aside approach to major commodities supports these shifts, helps cope with the problem of over-production, and reinforces our most important strategic reserve--good farm acreage that will be needed in years to come as food demands increase with population growth.

Most farmers seem to like this approach, judging from the record participation last year and the encouraging sign-up now in progress for 1972. Voluntary additional options for diversion of wheat and feed grain acreages open up new money-earning opportunities this year and deserve your careful study.

This is a pivotal year for wheat. Growers face extremely important decisions in using their freedom under the new program to make production adjustments essential to their future. There are attractive incentives. I have authorized an additional voluntary set-aside of wheat cropland equivalent up to 75 percent of a farm's domestic allotment, and I hope growers seriously consider the incentives--which will put money in their pockets while cutting back on production.

The National Association of Wheat Growers is directing an appeal to all wheat growers to use the extra set-aside feature this year. Producers should

give serious thought about the impact that overproduction could have, not only on this year's market but on market conditions for years to come.

I am proud of the way the wheat sign-up is proceeding in the Northwest region. We have every expectation that there will be an excellent enrollment. And I want to take this occasion to commend ASC committeemen and employees on doing a good job explaining the options open to producers.

As acreage and production are cut back to more manageable levels, you who produce wheat and feed grain may take in a little less cash from the sale of crops this year than last, but this will be more than offset by higher Government payments. I'm against any farmer's being penalized because he cooperates in the production control effort. Quite the opposite. I'm for rewarding those who help work down our grain supplies so that output can be brought into better balance with market needs. That's what will get agriculture back on the right track, with better prices and better incomes for farmers.

We are working for a better break for family farmers. I grew up on a family farm and I have worked with family farmers all my life. I want to see small farmers grow, and to see their farms keep pace with the times, because family farming is the backbone of the American agricultural system. The President and Administration feel the same way I do. It was no coincidence that on the afternoon I was sworn into office, the President said we are keeping the Department of Agriculture as a Cabinet department, streamlined to focus on the interests of farmers and ranchers.

We want to see you do better so that you will find more opportunity to stay in agriculture. That's good for you, good for farm communities, good for the rural countryside, and good for the whole Nation. And we are making some progress in this regard, too. The average decline in the number of farms during

the last three years has been 47,000 a year--considerably better than the loss of 106,000 farms a year from 1961 through 1968. But we want to do still better in helping provide opportunities for farmers in agriculture.

We are concerned about conglomerate companies that enter farming and use their power to get an edge over farmers in lower interest rates, tax advantages, more available capital, and more direct access to markets. To help family farmers develop greater leverage, we are organizing teams of specialists on a commodity-by-commodity basis to work on the marketing problems of family farmers. Five such teams have already been announced, for eggs, pork, potatoes, apples, and peaches. These teams will bring expertise from many areas--the Department of Agriculture, universities, agribusiness firms, and farm organizations--and seek new ways to move products from farms to market with better returns to producers.

We in the Administration want you who are farmers to have more "say" over the prices of what you sell, more say over the terms of sale, and more say over your own operations. That's why we favor the principles of strengthened farm bargaining legislation. I strongly suggest that you take a careful look at the farm bargaining proposals now before Congress. Get to know all the possibilities--give full consideration to what the bargaining idea can do to help you attain a real voice, and a better return, in the marketing of your products.

We are working for stronger farm prices. By better prices I mean fairer prices. Last month, beef cattle prices recovered enough to reach their 1951 levels, and my comment was, "It's about time." But no sooner did that happen than we began to hear agitation for food price controls.

In speeches, over radio and TV, in press conferences, and in meeting with top Government people, I have been saying--and I'll keep on saying--that it's high time farmers were doing better price-wise. In the two decades since 1951, almost every economic indicator has gone up--even soared: farm production costs, wages of farm workers, industrial payrolls, fringe benefits, taxes, dividends, business and professional incomes. Yet realized net farm income has trailed far behind--in the 20 years since, it has increased only 6 percent.

Let me offer a proposition to those who advocate putting a lid on food prices and farm prices. We'll agree to price controls on farm products as soon as other industries match the increase in productivity per man hour that farmers have achieved. Output per manhour on farms is 3.4 times higher than 20 years ago, twice the rate of increase for manufacturing industries.

We'll agree to price controls on farm products when farmers' returns have gone up as much as industrial wages. Wage rates for production workers in manufacturing are 2.3 times higher than 20 years ago. Have farmers done that well? Further, recent wage contracts negotiations have won big pay increases for such major groups as coal miners, railroad workers, and aerospace industry employees. Those wage rates won't come down. Can farmers say the same about their prices and their incomes?

We are working for higher net income for farmers. Considering the hours farmers work, the high investments farmers have in land and equipment that must be recapitalized, their high tax burden, and the many risks of farming, I know you will agree that the average income of farm people ought to be

considerably higher than the average non-farm income. But now average per capita disposable income of farmers is only three-fourths of the level for non-farmers. I'm going to do everything I can to see that farmers get as much as non-farmers. I think any fair-minded person will agree to that goal when they have all the facts. One of the responsibilities that I am taking on is to travel this country from one end of the land to the other, to tell those facts about farmers to the American people.

We can all feel better that there are signs of improvement in 1972. It looks as though farmers should have \$1 1/2 billion to \$2 billion more realized net income from farming this year than last, a 10 to 12 percent increase. And it's about time!

If 1972 turns out the way it now appears it will, farmers' realized net income will average \$16.4 billion for the four years, 1969 through 1972, compared with an average of \$13.8 billion from 1961 through 1968. That's a 19 percent improvement, and it's progress--but it's still not good enough. It's not good enough because the average disposable income of farm people is still only three-fourths as much as the average income of non-farm people. That is quite a bit better than the 68 percent average of the preceding eight years, but I'll never be satisfied with conditions that force farmers to work for 25 percent less than the rest of the Nation.

Farmers are still a long way from getting the average factory wage for their labor and the average business percentage return on their farm investment. City people want a fair wage, and they should get it. Businessmen want a fair return on their investment, and they should get it. And everyone should realize that farmers want a fair return for their work and investment--and they should get it. I intend to do all that I can to see that farmers make progress toward that goal.

We are working to build up the total rural income base. With new technologies and innovations in farming methods that enable a single farmer to manage increasing amounts of land and livestock, a gradual decline in farm jobs is a fact of life we have to recognize. Mergers keep taking place and farm units grow larger--not so much because family farmers are being taken over by giant corporations, but because farmers are buying each other out.

As a result of this process, there are fewer farm jobs now than 10 or 20 years ago, and the chances are that the gradual reduction of farm jobs will continue. We've seen this happening over many years, and Earl Butz has been criticized for reporting the facts.

But I want to emphasize that this Administration is taking serious action to counteract this decline in farm work by injecting new economic vitality into the rural countryside. We want more of the future economic expansion of America to be invested in rural areas so that farm people and their rural neighbors can find more and better jobs in their home areas, so they won't have to move to far-off cities that are already over-crowded and congested.

Farmers don't want hand-outs; neither do their neighbors in rural America. A large part of the answer is to harness the financial resources of city people, resources that can spark new rural economic activity by channeling credit and loan money to farm communities.

During the past year, funds for rural credit advanced by the Department of Agriculture reached a record-breaking high of more than \$2.5 billion in supplementary financial assistance for rural housing, farm operations, and community facilities. It takes money to build community centers, industrial parks, water systems, and the countless other services needed for commercial and industrial development. The \$1.3 billion "credit sharing" plan that the President has proposed to Congress would give the States new money resources.

Many other efforts--not hand-outs--are being made to create new opportunities and new jobs, on farms and off, in the rural countryside. The President recently released an additional \$109 million for REA loans to expand electrical power and communications services in rural America. Increased emphasis is also being given to conservation and environmental improvements--projects that make jobs now, and which will lead to more jobs in the future.

Of special interest to the Northwest, we approved working plans for the National Wheat Institute that will put \$2 million into research on finding new food and industrial uses for wheat. We have also started a new pest management action and research program to help farmers control pests more economically, while at the same time reducing the amount of DDT and similar chemicals currently in use.

The prospect ahead looks promising--not only for farmers, but for all Americans. Like all citizens, farmers are concerned with the great issues of the times--the termination of the Vietnam conflict, reduction of crime and civil unrest, the curbing of the rise in inflation, and the achievement of prosperity without war.

The journey for international harmony that the President has just made to the People's Republic of China, and his mission to Moscow in May, are moves of historic consequence to America and the world. We cannot estimate at this time what their impact will be in terms of increased trade and the potentials of more agricultural sales. But the important thing is that there is a natural sequence to every step that is made to achieve better international understandings--an improved atmosphere of confidence and friendship.

These are reasons why I believe that we as a Nation, and you as farmers, are moving over the threshold to better times. Let us all consolidate our forces and help agriculture cross that threshold.

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98 The strength of America's agriculture--the most productive and efficient in the world--has its roots deep in farm families. Farm responsibilities continually pass to new and better prepared generations. The outstanding young farmers whom we honor this evening have excelled in their contributions to their chosen profession, to their communities, and to their Nation--and they have taken up the torch of a new farm generation.

It is especially fitting that we honor these young farmers and their wives here in the heart of the Nation's breadbasket--here in Sioux Falls, in the center of America's agricultural production. In this Midwest region may be found the fulfillment of much that the outstanding young farmers best exemplify--determination, ingenuity, managerial skill, and top achievement in production agriculture.

I understand that our co-hosts, the U.S. Jaycees, put out a call last year to more than 2,500 Jaycee chapters across the land. They asked the chapters to nominate the outstanding young farmer of the community--the young man who by his personal example had excelled both in his chosen area of agriculture and in his civic leadership.

Now, nearly a year later, after a nationwide search, these four young men have been named the country's Outstanding Young Farmers. And the program that fostered their selection is now helping set its own fine example. It is helping build a bridge of understanding between our rural and urban populations.

What better way is there to tell city dwellers of the prolific talents that exist on America's farms? What more effective vehicle is there to tell of the problems inherent in supplying the people of this country, and millions

Address by Secretary of Agriculture Earl L. Butz before the U.S. Jaycees Outstanding Young Farmer Awards Dinner, Sioux Falls, S.D., March 5, 1972, 7 p.m. (CST).

more in other countries, with the food they need? These outstanding young farmers have set the example, and their stories are case histories of a dynamic new generation of farm businessmen.

Growing Need for Leadership

Some years ago, one of the large insurance companies sponsored a national advertisement showing two sixth graders trudging down the road toward the schoolhouse, each carrying a strap of books and each wearing a smile of anticipation. At the bottom of the page appeared the simple caption: "The Future Belongs to Those Who Prepare for It."

As we contemplate the vast amount of change taking place in agriculture and all our other industries in this country, the changes in people's attitudes and, indeed, life styles, as we feel the impact of the rapidity with which changes are occurring, and as we become conscious of the problems that these changes generate, we can agree that the words of that advertisement were never more true than now. Never will the gap that separates the well prepared from the poorly prepared be greater than for the generation of young folks in our schools and colleges today. And the same applies to the generation of young people--including young farmers--who will be the trustees of America's future.

Can we--and I mean you--keep pace with the growth and changes taking place? Can we--and I mean you--stay on top of the swift new developments in our economic and technological scene? The answers depend, most of all, on the kind of leadership we produce, leadership that can grow with the changing times.

Professional Leadership

Today we can see two great areas of need for leadership. The first is professional leadership, in your vocation. Here this evening we are thinking primarily of leadership in agriculture--the great community of producers, farm

suppliers, processors of farm commodities, and distributors. Together they comprise America's foremost industry--foremost because it is dedicated to fulfilling the first law of life by providing the food that enables our population to stay alive and productive.

Only after that is done can a nation then develop the affluence and good life that we all seek. The unequalled affluence and good life that America enjoys are testimony to how well farmers have done their job. Our unmatched farm productivity has given consumers an ever-increasing share of their income to spend on the amazing array of goods and services that make up the American standard of living. By producing more food from fewer acres, agriculture has freed greater numbers of people to produce the other good things that keep our economy dynamic and strong.

As the United States moves forward in population size and diversity of economic activity, tremendous responsibilities will be put on farmers to keep up with the dynamics of change. Agriculture is undergirded with large amounts of research, science, technology, and managerial capability. But agriculture will need new ideas, young ideas, new approaches. Agriculture constantly calls for better leadership and trained minds--the kind of people represented by the Outstanding Young Farmers we are honoring tonight.

Changes in farming and food production are certain to make impact on you here in this room. For example, take my own lifetime as a measuring stick. When I was born, at least one out of every three Americans lived on the farm. When I was a young man, about the age of these outstanding young farmers, about one out of four Americans still lived on the farm. Today, only one out of 21 Americans lives on a farm.

What has happened, of course, and will continue to happen, is that new technologies enable one man to manage more acreage, reducing the need for farm manpower. This has led to mergers and consolidations of farm properties, as alert operators have adapted to new methods. While this has been going on, we have seen companion developments in the food production industry that have created new kinds of career opportunities in farming and related agricultural enterprises.

Keep Alert to New Possibilities

Just to produce the beef cattle, dairy cows, hogs, and poultry seen needed to keep even with America's food requirements during the next 25 years--to say nothing of growing food demands overseas--will call for our best managerial ability and full application of all the "better way" ideas that research and skilled management can develop. And you never can tell when something new will pop up, some dramatic new opportunity.

Take the case of the fried-chicken restaurants and similar quick-food establishments that are being advertised so heavily on TV. This one segment of agribusiness is spending millions of dollars on food promotion. It's a safe bet you will see much more of this kind of promotional effort as improvements come in processing kitchen-fresh frozen chicken, potatoes, and other large-volume farm products. The more we get into convenience foods of this kind, the greater the demand will grow for quick-cooking vegetable oils.

In turn, we see the market expanding for oil-yielding commodities such as the soybean. This golden oilseed now ranks as America's Number Two cash crop--it has enjoyed the highest prices to farmers since 1947-48. A Midwest soybean producer, by himself, cannot do much about educating Americans to enjoy the experience of bringing home a sackful of fried chicken from the neighborhood restaurant; but his marketing co-op or soybean association or other elements of

the agribusiness community are busy creating entirely new outlets for his product.

Importance of Continuing Education

Science and innovation are constantly inducing change and obsolescence in agriculture, as throughout all industries and professions. This underscores the fact that education--not just what we learn in school and college, but what we learn through practical experience on a continuing basis--is an important responsibility for all of us.

It has been said that today's graduate will change vocations two or three times before he retires. That being the case, he must be prepared for a constant program of re-education. This is as true for farmers as for workers in the skilled trades and professions. The very process of education today, with its new methods and accumulation of new knowledge, is accelerating the rate of obsolescence as it applies to techniques, to communities, and to people.

So I emphasize that the young farmer of today who seeks the goal of success in years ahead will want to keep tuned in on what's happening, study his options, adapt with the new technologies, and keep on learning his business to gain top proficiency.

Leadership in Government

The second great area where we need to develop leadership is in the field of living together. It is just as important, if not more so, as the need for professional leadership. Leadership in living together is largely governmental, at the community level, the county level, state, national, or international level.

We live in a highly complex society. Our democracy does not function automatically. It calls for thinkers, people who can look ahead, weigh the potentials, and exercise good judgment. In a word, it needs leaders.

Our job is to make sure that we create this kind of leadership among the young men and women who will be guiding this country 10, 20, or 30 years from

now. We must train our minds to think in social and economic terms, as well as in terms of production and science. We have to broaden our mental horizons--we cannot be entirely vocational minded, nor can we afford to assume that leadership in living together is a specialized calling to be left to a chosen few.

One of our greatest challenges, therefore, is to interest capable young brains and competent young leadership with vision, in the vital job of governing ourselves. In its best sense, politics is the art of governing, and I for one am as proud of being a politician as I am of being a hired hand for the farmers of America. That's saying a lot, because in my book, young men like you in this audience have every right to throw back their shoulders, lift their heads, and say they are proud to be farmers.

It matters not what political party you affiliate with. Get active in one of the parties. Do more than vote. Work with candidates, get involved in the issues. We're never going to have really good government until we interest the young men and women of our country in assuming responsible leadership in the field of governing. Plato once said, "The price that men pay for not being interested in politics is to be governed by men worse than themselves." His wisdom is as true today as it was 23 centuries ago.

Power to Shape America's Future

Leaders who have the opportunity to fashion others into roles of leadership have on their shoulders the mantle of power--power to shape the kind of America we want to develop. In so doing, we can also guide the course of agriculture toward greater dimensions of service to all people, here in America and throughout the world.

Through my position in Government, for example, I am doing my best to improve opportunities for farmers and their rural neighbors. We are trying to administer new commodity programs to get fair market prices for farmers and to

broaden their market outlets. We are sending teams of specialists out in the countryside to try to help family farmers and small farmers with their marketing problems. We hope to see farmers increase their bargaining power so that they can have more "say" over the terms and prices of products they sell. We are pushing research into more efficient and more economical means of helping farmers control pests of all kinds.

We are also committed to expanding the economic base of rural America. Starting at the White House itself, increased concern--and more money--are being directed at injecting more vim and vigor into the countryside. President Nixon is particularly anxious to see that young farmers, and small family farmers, have better access to financial credit for homes and farm operations. We want young farmers to have the chance to grow into profitable units that will enable them and their families to live at least as well as city people do.

The field of governing is rich in opportunities and new horizons. I think of President Nixon's personal leadership, for instance, in unlocking new overseas markets for America's farmers, leading to the historic sale last November of 3 million tons of feed grain to the Soviet Union. Soon thereafter, during my first days in office, I was privileged to have a visit from the Soviet Minister of Agriculture. He told me of his country's hope to expand livestock production--this will require much grain and protein as time goes on, and we have a good chance of sharing in that market.

Then there is the tremendous breakthrough the President has started with his journey to China, and his forthcoming trip to Moscow. What the consequences for agriculture will be would be difficult to predict at this time--but the consequence of utmost importance to us all, and to future generations, is the progress being made toward international harmony and peace among nations. This is the kind of foresight, evaluation, courage, judgment, and good will that adds up to the best quality of leadership in government.

Accent on the Positive

We have good reason to be proud of this kind of leadership, to be proud of our country. There are too many, unfortunately, who regard old-fashioned patriotism as out of date and "for the birds." There are many who seem to feel that the only Commandment which really should not be violated is the Eleventh Commandment--"Thou shalt not get caught." The others seem to be violated with impunity.

We need to spend more time talking about the many good things that are right with us, and less time crying about the little things that are wrong with us. The things that are right about America so far outstrip the things that are wrong with her, that any honest comparison is ridiculous.

Let's work to make our people proud of the institutions that have served our democracy so well over the past two centuries. Let's work to convince the young men and women in our schools and colleges that the American system works. Let's strive to instill in them the idea that they must become leaders in government, leaders in politics, and tireless boosters for the perpetuation of the American philosophy of freedom and opportunity.

To do this will demand our best talents, energies, and courage. Remember that along with the phrase, "The land of the free," there is also the phrase, "The home of the brave." The two go together--and if we ever lose the spirit of the latter, the substance of the former will disappear.

The Future Belongs to Those Who Prepare for It!

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When President Nixon chose me to serve as Secretary of Agriculture, he asked me to work for farmers and to speak up in behalf of farmers. I've been trying to do that to the best of my ability. And I intend to go on speaking out in behalf of farmers--small farmers, big farmers, family farmers, ranchers, growers, livestock men--all segments of our vast agricultural industry.

However, I should like to open my discussion here with a few words in behalf of consumers. You may think this is a switch, but after all, I am a consumer. Mrs. Butz is a consumer, and all of you in this great audience of Texas and Southwest Cattle Raisers are consumers. We get our groceries at the supermarket like everybody else; and every so often we eat out.

So in behalf of consumers, I have something to say, and it is this: We can thank Heaven--and thank you--for the tremendous job you are doing to assure that the American people have a dependable, plentiful supply of quality beef--far and away the world's finest continuing source of appetizing, protein-rich meat.

As one consumer--and there are millions who join with me--I want to pay tribute to you for going into the rough competition of the market place and winning for beef an increase in per capita consumption from 56 pounds a person a year, 20 years ago, to 115 pounds today.

Address by Secretary of Agriculture Earl L. Butz before the Texas and Southwest Cattle Raisers Association, Houston, Tex., March 14, 11 a.m. (CST).

That's a 100 percent increase--and you did it on your own in open competition and without the help of Government price supports. The remarkable thing is that you doubled the per capita consumption of beef while our population was expanding at an explosive rate with the crops of babies after World War II and the Korean War. In the past 20 years your industry has increased its output of beef by 13.3 billion pounds--150 percent, a remarkable record of productivity. I think you deserve all the praise that I, a consumer, can give you.

We must preserve our beef-producing capacity.

As a consumer, I have a personal interest in seeing the United States remain able to produce the best qualities of beef, and the healthiest kinds of beef, into the far distant future...because I am convinced that this source of home-grown, nutritious food is essential for the future well-being of the American people.

As a consumer, I and millions like me enjoy the taste and satisfaction of a good steak, roast, or hamburger, and want to consume more. According to the best projections, in 1980--less than eight years from now--per capita consumption of beef will be up to 130 pounds. This means that even though our rate of population growth may level off, beef production in 1980 will have to be a third greater than now. And I want that beef produced here in America by people like you.

As a consumer, I understand that profitable prices for cattlemen provide the best way to insure a good supply of the better cuts of beef that I prefer. I realize that our economy operates on the profit motive, not the loss motive, and that you who produce beef must get a decent return for your work and investment. You need that to stay in business and build the herds to take care of the growing demands for American beef. Thoughtful consumers appreciate that beef production is a long-term proposition, and extremely costly.

We must be beware of pressures to impose food price controls.

As a consumer, I know price controls won't work. I vividly remember the OPA days of World War II and what happened. Black markets, rationing, priorities, subsidies, allocations, regulations, and a host of Government officials checking prices, weighing packages, and hauling people into court. And empty meat counters!

What good does a consumer get from a low price for beef if no beef is available at that price? Price controls simply won't work for commodities as perishable, as seasonal, and as varied in quality as food products.

You who remember the OPA days recall the standing in line, the favoritism, the eye-winking and head-nodding, and the under-the-counter dealing. That's what we are fooling with when people talk about price controls.

Some consumers, either too young or too forgetful to remember, may think they want controls. They should read history. It would be easier to learn what's wrong with price control for meat by reading history than to learn it again while standing in line at a half-empty meat counter.

We must maintain a sound ratio of meat imports to domestic production.

As a consumer, I can see that the American beef industry would be seriously affected, with its confidence in the future badly undermined, if the market you have worked so hard to build were thrown wide open to meat imports from abroad. Any industry that operates on a long-term basis as you do, must know what it can count on--what its markets will be. To do this, it is imperative that you have the safeguards set up by the Meat Import Act and the voluntary import restraints agreed to by other countries.

Of course, we as a Nation also have our commitments to the ideal of a liberalized, open trading world. Our State Department has an obligation to respect historical trade patterns. In recent years, the arrangements that have been negotiated with regard to meat imports have struck a reasonable balance--recognizing your rights to a competitive market at home, assuring consumers adequate meat supplies, and enabling our foreign friends to have some share in America's market growth.

The announcement we made last week on 1972 imports fits into that pattern. Figured from the consumer interest point of view, the 1972 allowable import volume will represent an increase of nearly 7 percent over last year's amount, or some 80 million pounds over 1971. Yet as a percentage of total domestic production, this represents an increase over last year of only one-half of 1 percent. It's so small an increase in total beef supplies that it shouldn't even cause a flutter in the market. Far more important to consumers, and to cattle prices, are the beef supplies that you provide through the American cattle business in the months ahead.

We must strive to improve the wholesomeness of our meat supply.

We are living and working in a consumer-oriented environment. When all's said and done, your ultimate success and your future prosperity depend first of all on consumer acceptance of your product...and the confidence of the consumer in you as individuals and as an industry.

When we in the Department of Agriculture seek to strengthen the meat inspection system--in conformance with our mandates from Congress--we are working both for consumers and for you. It is in your interest just as much as in the consumers' interest that we have tightened our inspection of imported meat,--and this is true for domestic inspection, too. Your product needs to maintain its reputation for wholesomeness in order to reach a level of 130 pounds consumption per person.

And it is both in your interest and the consumers' interest that we are working with you for a better level of animal health. This is why we are launching an intensified effort to eradicate brucellosis by the end of 1975--three years from now. The Department of Agriculture is making changes in programs, methods, and rules that were recommended last year by the U.S. Animal Health Association to get the job done. We have the tools--and by working together, we can lick this menace to animal health and to human health.

One of the new techniques in the battle against brucellosis will be a system of market identification to locate infected animals. This will replace down-the-road testing, and it ought to save time and bother for the livestock owner.

Once the scourge of brucellosis is eliminated, you and other cattlemen can save millions of dollars in losses. Consumers will also gain, because human health is involved. Human brucellosis--or what some call undulant fever--already has dropped from 3,139 cases in 1951 to only 171 reported last year. Most human cases now involve infected hogs, I am told.

The cattle producer of today is more than a range cattleman or a feeder. He is first of all a food protein producer. As such, it behooves him to take every constructive step possible to insure the wholesomeness and the health integrity of that food product.

Just as you demonstrated your leadership in tackling the screwworm problem, you can fight for complete eradication of brucellosis by 1975, and take positive action against cattle scabies and other ailments that affect the basic health of your herds. By positive action I mean prevention--keeping everlastingly at the job of detecting disease outbreaks when they occur and eliminating their sources.

In animal health, ounces of prevention are worth many pounds of cure, and I commend you cattlemen of the Southwest for the positive attitude you have already exhibited so well. We are confident that the effectiveness of our working together will be further improved through the Department's new Animal and Plant Health Inspection Service, which will soon be going into full operation. This combines the meat and poultry inspection programs with our animal and plant health programs. In all areas of inspection, disease control, and research and preventive measures, you will have the greater convenience of working with a single group. The new organization will foster greater cross-utilization of expertise and facilities, and will be more responsive to problem situations wherever they arise.

We must be increasingly aware of public attitudes toward protection of wildlife

New responsibilities, and new recognition of public concerns about wildlife and the use of chemicals, arise when a great industry gains the stature that you have achieved.

You may be aware that last week the Environmental Protection Agency ordered an immediate halt to the interstate shipments of all pesticides registered for use in controlling predatory animals. The Agency asked for the voluntary recall of all stocks of these chemicals in the hands of distributors and dealers, and suggested that ranchers and farmers should return their stocks. This action by the EPA followed an Executive Order in February, restricting the use of poisons on public land.

I share your concern over these actions on chemical controls. But my understanding of the new directives is that you are not going to be left at the mercy of predators. That is not the intention. Both directives specifically provide for emergency use of poisons to prevent substantial damage to livestock. In addition, the Government is obligated to help you meet predator threats

through trapping programs, use of repellents, early warning of a build-up in predator populations, and research for better predator control.

If you are confronted with large-scale losses from predators, get in touch with the Environmental Protection Agency or the USDA. On Bureau of Land Management lands, get in touch with the Department of Interior. Let them know that you have a problem. I, for one, don't want to see you stand idly by while you are hit with heavy losses.

We must expand the base of opportunity in rural America.

You are intimately involved in the tremendous economic expansion that has been taking place here in Texas and the Southwest in recent years. Fifteen or so years ago, Texas marketed around 300,000 head of fed cattle, in contrast with your current output of 3 to 4 million every year. These figures only begin to suggest the economic growth that has occurred in your area.

It's hard for most people to visualize this tremendous growth--and it's even more difficult for them to comprehend the phenomenal economic activity that this growth has engendered. I refer to the expansion in feed production, transportation, and all the economic activity growing out of the development of your industry. In sheer volume of dollars and jobs, it dwarfs historic epochs such as the California Gold Rush.

Spectacular advances of this kind usually generate problems in turn. I want you to know I am entirely sympathetic with your concerns and frustrations regarding environmental pressures, for example, and the problem of animal wastes. Our Department of Agriculture research experts are boring in on these matters; and we favor in principle the objectives of rural developmental legislation sponsored by Chairman Poage, who as a Texan is well familiar with your problems. His bill would provide a system of loans and grants handled by USDA agencies that could give beef producers substantial assistance in pollution abatement efforts.

Last year, funds for rural credit advanced by the Department of Agriculture reached a record high of more than \$2.5 billion in supplementary financial assistance to rural people for housing, family farms, and community facilities. The President seeks to expand the Department's credit programs to include industrial and commercial development, and community projects such as industrial parks and municipal centers. These are all aimed at creating more jobs for rural people. We want more of America's future economic expansion to be invested in the rural countryside, so that farm and rural people can find more jobs, and better jobs, in their home areas instead of having to move to some distant city that's already over-crowded.

We must work to keep agriculture competitive.

The key to rural progress is agricultural progress, and the key to agricultural progress is profitable farm operations. I've said I will fight like a wounded steer against any moves to clamp a lid on cattle prices and food prices. I'll keep on fighting the false charges that farm prices are contributing to inflation in this country.

The main cause of the present inflation is the concentrated economic power exercised by special interest groups--by some labor union leaders, for instance. Too often their stock in trade is to tie up the Nation's economic machinery until they receive wage increases that are out of line with productivity. Concentrated economic power is also wielded by industrial firms and the service trades through administered pricing.

Leaders of dock worker unions closed down the ports during your harvest and cost farmers a billion-dollar loss. The wage increase forced upon the West Coast docks, and won at your expense, will bring dock workers' pay up from \$7.76 an hour to \$9.94 an hour at the end of three years.

Wages throughout manufacturing and service industries keep going up--and never come down. Farmers and ranchers wish they could say the same about their prices. During the year before the present economic stabilization policies went into effect, the price of barbed wire went up 11 percent. Farmers and ranchers would like to see their prices take that kind of jump.

You and I have a job to do--to point out to people within and outside of Government the difference between an industry that is intensely competitive, such as agriculture, and other economic sectors which are not. We must show the difference between an industry such as agriculture that has supplied its markets well, and other industries that operate on the basis of shortages.

We must make clear the difference between an industry, such as our food industry, that operates with fluctuating prices, and the many other industries that ratchet their prices upward. On the average, the per capita income of farm people, after taxes, is only 75 percent as much as the average income of non-farm people, after taxes. I'll never be satisfied until farmers and ranchers are at least on a par with other sections of the economy.

We must stay on the alert for changes in agriculture.

Cattlemen have always been out in the front taking advantage of market trends and technological developments. You have a market intelligence system that other segments of the agricultural industry would do well to emulate. As we look ahead in our search for ways to improve the profitability of farming, we will need to stay on top of changes.

Our analysts at the Department of Agriculture expect that by the end of this decade of the 1970's, the total cow herd in America will be substantially larger--about 15 percent larger than the 50 million head on hand at the start of this year. All of the increase will be in beef cows, with gradual declines continuing in dairy cows. But these projections can be upset by technological changes--a rapid increase in calving rate, for instance, should there be a breakthrough in multiple births.

Whereas cattle slaughter last year totaled about 36 million head, the slaughter total in 1980 could run to approximately 47 million head. The increase in beef output would be about twice the projected increase in the cow herd owing to an increasing proportion of beef cattle and a continued decline in number of calves slaughtered. In other words, during the years ahead we can expect the pace of expansion in beef output to slow down a little but the expansion in breeding herd to accelerate. This is a natural consequence of using up the bulk of the beef "output bonus" that came about from the reduction in calf slaughter and the increase in the proportion of cattle on feed.

Increases in the breeding herd will occur in those areas that can expand forage supplies most readily--the North Central and South Central States and the Southeast. Much of this decade's increase in cow numbers will occur in those regions. We can expect fairly substantial increases in States such as Tennessee and Kentucky; also increases in the Lake States as dairy cow numbers decline. Of course, expansion of feedlots in the South Central States will mean a reduction in shipments of feeders out of this region, and will maintain a good demand for Southwestern feeder cattle.

We have seen more and more calves move into feedlots, where they are pushed onto a finishing ration quickly and slaughtered before they are a year and a half old. This trend toward feeding younger animals will probably continue. You

producers may increasingly retain ownership through the feedlot, since this would have the effect of reducing the number of yearling operations and make more roughage available for more cows.

Your prices have recovered to where they were 20 years ago, and it's about time! I want to emphasize that I intend to keep working to improve your income. I believe that even with an increase in beef production, prices will stay on an irregular uptrend as consumer demand for your product continues to grow.

I'm confident that means they'll be eating more of the protein-rich food that you produce!

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I can think of no better place than this National Pork Congress for some plain talk about a subject on people's minds these days--farm prices, food prices, and what consumers get for their money.

I have been going around the country telling people that farmers have been doing a terrific job. That consumers are getting a real bargain in wholesome, nutritious food. That things are looking a little better for you--and that it is high time!

Last Friday the chairman of the Price Commission called in the press in Washington, D.C., for a press conference. The press were told they should show up because the chairman was going to have something to say about Secretary Butz. Well, he did. He said:

"I think that the statements being made by Secretary Butz concerning the necessity and the desirability of increasing food prices in the nation are damaging to the stabilization program...I think the success of the President's program requires everyone, and that includes the farmers of the nation, to hold prices down...and I would urge therefore that the farmers of the nation would feel that they are just as charged with responsibility for voluntary compliance and for sacrifices as are all other sectors..."

In the next breath, the chairman talked about utility rate increases, and said: "We also urge the utilities to make available to the public information which will enable them to understand why some of these rate increases are necessary in order to give them the service they demand. And we urge the

Address by Secretary of Agriculture Earl L. Butz before the National Pork Congress, Kansas City, Mo., March 22, 1972, 8:15 P.M. (CST).

consumers of the nation to realize that when you demand service, you must pay for it. You do not get something for nothing."

Well, I am not going to argue with the chairman. He has a job to do. I am only going to do what he suggests--I am going to do my best to make available to the public information which will enable it to understand why these farm prices are necessary in order to give the public the food that it demands. And, as he suggests, I am going to urge consumers of the nation to realize that when they demand food service, they must pay for it. As he says, "You do not get something for nothing." I agree.

Personally, I believe that farmers understand fully the meaning of the word "sacrifice." From the opening of this land on which we stand, the pioneer farmers understood physical sacrifice. And down through the years they have understood economic sacrifice, including the time of the Depression Thirties; and later in the 1950's and early 1960's when farmers stood back watching this nation marching up the ladder to greater affluence; and farmers understood it in the late 1960's when they watched the economy caught in an inflationary binge.

While this was going on during the last 25 years, farmers were going through the greatest economic adjustment and migration in the history of the agriculture of any nation. Farmers understand the word "sacrifice" all right; it could be said that they invented it.

And now cattle prices have regained their price levels of 20 years ago. This during a time when wages increased 2.3 times; when money for wage supplements and fringe benefits increased 7-fold; when dividends increased 3 times; and when farm prices were going up a magnificent 6 percent. Isn't it about time that cattle prices got up to levels of 20 years ago?

And who among those who are calling for price controls on farm products remember that in 1970 your hog prices dropped 35 percent in four months time, because agriculture is a highly competitive business subject to cyclical and seasonal price movements? Who among them recalls that you were selling at a heavy loss two years ago? Who among them realizes that your low prices were holding down the cost of living, as has happened so consistently over the years?

We need to help people see that productivity counteracts inflation?

Do they know that the greatest counter-move to inflation is increased production per man-hour? And that over the last 10 years, and the last 20 years, farmers' output per man-hour has increased twice as fast as in manufacturing industries? One farm worker is supplying three times as many people with their food needs as 20 years ago. You are doing your part--and then some!

Do those who call for a lid on farm prices know that the farmers' share of the food dollar has slipped from 49 cents to 38 cents in those 20 years? Do they know that food took \$23 out of each \$100 of disposable income per person 20 years ago, and only \$15.60 per \$100 this year--and that this food has incredibly more built-in conveniences now? And do they know that this low 15.6 percent of disposable income for food in 1972 includes meals away from home, where service is the main ingredient of the cost?

It's true that when you demand service, you must pay for it. And you don't get something for nothing. And we might add to that: Farmers don't grow something for nothing, either. Farm production outlays have nearly doubled in those 20 years. Machinery price levels are nearly double. Farm real estate taxes are 3.8 times higher.

The greatest insurance that the consumers of this nation can have for an adequate supply of wholesome food in the future is that farmers get a fair return for growing it. And farmers are not getting that now. Farmers are working for 25 percent less than the average per capita income of non-farm people.

That's part of the message that we have to get out; and I'm going to keep on telling it--and I hope that you do, too.

We need to distinguish between farm prices and consumer prices.

I hope that the Pork Producers Council, through your promotional efforts, will try to help consumers understand the difference in meanings between farm prices and consumer prices--the prices you get for hogs and the prices housewives pay for pork.

With respect to hog prices, in contrast with the \$15 to \$17 per hundredweight that you received a year ago, your prices worked up to an average of \$24.84 this past January. That improvement pleased me and I imagine it made you feel better, because hog prices that earn you a reasonable profit are the best means of assuring consumers a sustained, dependable supply of quality pork.

Since January your prices have dropped off--the latest Omaha quotation is \$23.30. There's no reason for consumers to fear that meat prices will go sky high. Hog prices are well within bounds.

The question is, do shoppers realize that the \$23.30 that you're getting for hogs amounts to about 23 cents a pound? Do they understand why there's such a spread between that 23 cents and the \$1.49 or more that they pay for pork chops?

We need a clearer perspective on meat prices.

The public ought to take a fair and honest look at what's been going on these past 20 years.

Last week I spoke in Texas on the need for strong cattle prices to assure expanded production of American beef. The next day a Washington newspaper carried a Page 2 headline: "Butz Praises Soaring Prices of U.S. Meat." The

opening sentence of the story emphasized that the Secretary of Agriculture "lauded the highest beef prices since the Korean War." Those were the first words to greet the reader's eye. The tone and approach of the article were not designed to boost my popularity rating with housewives.

Further back in the same edition of that newspaper, there appeared another headline: "Approval of Pay Board Is Urged for Dock Pact." The story began by saying that the men who work on the West Coast docks and the companies they work for asked the Pay Board to set aside its wage guidelines. The article noted, and I quote, "the settlement is well beyond the guidelines, yet organized labor thinks that it is justified, and the leader of the longshoremen has threatened to strike again if the Pay Board cuts it back." End of quote.

The article also said, "the West Coast settlement calls for a total 25.9 percent increase this year, about four times the board's basic wage-fringe guidelines." The tone and approach of the article make this sound normal and reasonable, nothing to get excited about.

The leader of the longshoremen said his members deserve higher wages because of their greater productivity. But have farmers been compensated for their increased productivity? Are you getting four times more pay, or three times more pay? Of course not. Yet when farm prices begin to get up to where they were 20 years ago, what do we hear from some quarters? Complaints, criticism, and calls for price controls--from people who should know better.

As a matter of curiosity, I checked on the cost of that newspaper. Its Sunday edition now costs 40 cents, compared with 10 cents 20 years ago. In 1952 it charged \$1,300 for a page of retail advertising; today they charge well over \$3,000 a page. I guess they can make a good case that their costs have gone up. Do you suppose that tomorrow, that newspaper will carry the headline: "Butz Praises Soaring Newspaper Costs."

We need to understand the real reasons for higher food prices.

In January of 1952, 20 years ago, the average retail price of beef rib roast was 88 cents a pound, compared with \$1.26 this past January. The nationwide average price of pork chops in January 20 years ago was 75 cents a pound, compared with \$1.12 this past January. As any housewife will tell you, the prices of many other meat items have doubled.

The reason for this lies in the gradual but ever upward trend in costs of the many services and conveniences that accompany food, and which are covered by the retail price. We cannot blame any one factor or group. Higher outlays for supermarket facilities, higher labor costs at packing houses and food processing plants, higher costs of transportation and handling, higher taxes, higher pay for store employees--they all contribute to higher retail prices for food.

In other words, it's the non-food cost in food items that's putting the pinch on consumers, along with the higher costs of housing, transportation, health care, entertainment, and all the other elements of modern-day living. Let management and labor demonstrate sincere willingness to abide by the pay guidelines; let industry turn out goods the way our farmers are turning out a record food supply; and then the economy will be back on an even keel.

We need to emphasize the values that food prices represent.

For the higher prices they pay at the store counter, consumers are getting much more for their food dollars than 20 years ago. In the case of pork, for example, the lard per hog has dropped 50 percent, from 36 pounds in 1952 to 18 pounds today--and of course that reduction in lard content has been replaced by lean, protein meat.

Today's retail price of food reflects built-in improvements in the quality of the food itself and in conveniences such as the clear-face wrap of meat packaging that housewives prefer and demand. The price reflects the cost of

pre-processing and pre-cooking of numerous products that save housewives hours of kitchen drudgery.

Today's food is a real bargain because it reflects farm productivity, the costs of research, of regulation and controls for health of animals and wholesomeness of meat, of sanitation and inspection. These all enter into making American-produced meat the safest and best quality in the world.

When the typical consumer goes to the supermarket for meat, he or she looks for quality--fresh, appetizing appearance, minimum bone content, not too much fat or gristle, an even marbling through the cut, and so on. These are the values the consumer thinks of first. But if you were in one of many foreign countries and went to the store for meat, what would be your first consideration? Of course you know the answer: the purity, dependability, and safety of that meat. We take these so much for granted in the United States that they rarely enter our minds.

We need to uphold and improve standards of wholesomeness.

In spite of the progress that has been made in improving the wholesomeness and nutritional values of meat--or, I might say, because of it--we have an obligation to consumers and ourselves not to rest on our laurels, but to push forward in the broad area of animal health and human health. Science is now providing new detection methods. We now have greater ability than we had even a few years ago to observe the relationships between animal health and human health, and the potential effects--good or adverse--of feed additives, food preservatives, and foreign substances that work their way into food.

As these matters come under the study of the scientific community, and as we move into new frontiers of technical information, we can expect new demands to be made of food producers and food processors in the name of consumer safety.

I intend to do my utmost to make sure that the findings and recommendations are based on solid facts, not scare tactics. I earnestly hope that the researchers and consumers alike will realize that each time we find potential benefit in terms of a new scientific application in food production, there is also the possibility of some risk. The true measure of whether or not we make an advance is the balance between benefit on one hand and carefully considered risk on the other.

And I know that the nation's pork producers, and all farmers, will approach the problems of food safety with the statesmanship and responsibility befitting America's foremost industry.

The benefit-risk balance may be illustrated by the problem of antibiotic feed additives. Most modern pork production would be impossible without growth-promoting antibiotics that keep down harmful bacteria and sub-clinical infections in pigs. Against that fact must be balanced the possibility that a build-up of animal resistance to antibiotics may be transferred to people. One proposal for coping with this is to set aside a specific group of antibiotics for animal use and a different group for human use.

In the years ahead, as and when regulations are promulgated to improve the effective use of antibiotics, or to modify current practices with respect to preservatives, or similar health-protection measures, we of the Department of Agriculture are confident that such efforts will have your enlightened cooperation.

We need to step up the levels of animal health.

It is both in your interest and in the interest of consumers that we are working with you for a better level of animal health. This is why we have launched an intensified program to eradicate brucellosis by the end of 1975.

We have the tools, test procedures, and veterinary skills to eliminate this disease through your cooperation. For example, officials in California have notified all States that after January 1 of next year, all hogs entering that State must be from herds or areas free of swine brucellosis--to protect those who slaughter hogs and to safeguard California's brucellosis-free status. Federal regulations are planned for 1974 which will provide comparable protection for other brucellosis-free States.

We also believe we can eliminate trichinosis. As a result of consumer education regarding the need to cook fresh pork thoroughly, as well as laws prohibiting the feeding of raw garbage, the incidence of this disease has declined sharply during the past 20 years. But we haven't completely licked it yet. We have worked with industry to develop a method to test all hogs slaughtered under Federal inspection, so as to trace trichinosis back to its point of origin. We will be working with you to strengthen this program.

Your active help, supported by the Department's new Animal and Plant Health Inspection Service, will in time overcome the tremendous economic losses from hog cholera, African swine fever, tuberculosis, and the other illnesses that afflict pigs--and at the same time provide consumers with ~~even~~ more wholesome, safer meat.

We need to improve the profitability of agricultural producers.

The increased responsibilities that you will be assuming on behalf of consumers to assure adequate meat supplies--pork that is as safe and nutritious as possible--make it imperative that you operate as efficient, profitable pork production units.

You are independent business men, and I commend you for the self-help efforts being made by your Pork Producers Council. Through such undertakings as your voluntary "Nickels for Profits" program, you are funding, directing, and carrying out your own projects to promote pork consumption and to develop public awareness of the pork industry's concern for product improvement. We in the Department of Agriculture intend to do all we can to support you-- to help you to operate to the best of your own capabilities.

As you may know, we recently created a special Pork Marketing Team to explore ways of increasing your returns through improvements in production and marketing. I am pleased to report that the team is now actively at work, looking into new and better methods for marketing hogs, pork, and pork products. Producers, including members of your Council, as well as other industry leaders in processing, marketing, education, research, and service, are being consulted in this endeavor.

There is a great deal that you can do as hog raisers to plan ahead, as you examine the possibilities that exist in new managerial approaches to your business. Under the corn loan program, for example, producers are permitted for the first time to contract for future sale of their corn and carry it under loan until delivery. This opens a new avenue for financing and for taking some of the risk out of price change for those of you who must supplement your feed production with purchased corn.

The loan provisions make it possible for you to contract with a neighbor who can carry the corn under loan until delivery. Or if you have excess corn, you can contract it now for delivery next March at \$1.30, Chicago price. Your pencil can tell you what that will get you for any resale corn that you may hold.

I might suggest that you explore all the advantages available to you under the Government facility loans to assure ample storage space for 1972 corn, over and beyond your corn resealed from previous crops--and at liberalized, reduced-rate loans for facilities and drying equipment.

Also, of course, the loan program offers hog producers interim financing on their own corn production--you can carry corn under loan until ready to feed it. Or if you need to buy corn to finish out your hogs this summer or next winter, you can buy it at present prices and use the live hog futures at \$23.70 next February, Chicago prices, to put a lock on hog prices.

These are some of the plus factors in the pork production picture. And there are others. The Administration's economic policies are beginning to show results--the pace of inflation is slowing down, consumer confidence is on the rise, more than 80 million people are employed for the first time in the country's history, and they are earning more than ever before. I believe we have good reason for optimism throughout the pork industry and throughout agriculture.

And one last word: What you do about reasonable increases in your breeding plans in the months ahead holds the real key to how profitable your business will be a year from now, and the year after. I wish you the greatest of success.

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One vital, underlying spirit binds our interests together in this conference of the U.S.-Japan Trade Council. And that is, our recognition that orderly international trade--the exchange among nations of commodities, goods, and services--is the best means whereby people can share the benefits of each other's special abilities for their mutual advantage.

I wish more people in America, and more people in Japan, understood that basic truth. Whether in the manufacture of TV sets, for example, or in the production of grain, nations possess special capabilities which reach their greatest fulfillment when, through trade, they contribute to the enrichment and satisfactions of human existence everywhere.

You who are present at this conference understand, else you would not be taking the greater part of a busy day to come together and discuss the problems and the opportunities in trade between the United States and Japan. You know that through the years, a vast variety of Japanese products have shared in the growth of America's economy. In one form or another they have entered almost every American household and have become integral elements of this Nation's complex of material possessions that we call our standard of living.

The massive build-up of Japan's trade and sales to America over the past 20 years has obviously contributed in a major degree to Japan's rising prosperity--a prosperity which has tremendous significance for American farmers since Japan now ranks as the best single-country customer of U.S. agriculture.

Address by Secretary of Agriculture Earl L. Butz before the Washington-Agricultural Conference on Trade With Japan, Statler-Hilton Hotel, Washington, D.C., March 27, 1972, 12 Noon EST.

We have reason to respect Japan's productivity achievements.

Today's conference--the very fact that we are gathered here under these auspices--pays tribute to the energy and productive genius of the Japanese people. In the span of two short decades they have succeeded in building the world's third strongest economy and have become America's leading off-shore trading partner.

All of us here are well aware, of course, of Japan's amazing growth record--gross national product which rose at an annual rate approaching 10 percent during the 1950's, which averaged more than 11 percent through the 1960's, and accelerated to 13.5 percent at the close of the last decade.

It's true that there then came what some of our Japanese friends describe as a "recession." As a result, we are told, Japan's GNP for 1971 is estimated at \$220 billion, a gain of a mere 12 percent from 1970 in current prices and 5 percent in real terms. Some recession!

Beyond that, the Japan Economic Research Center projects an average annual growth of 9.5 percent to a GNP of about \$550 billion by 1980--more than two times what it is today. Those projections picture a nation on the move. They reflect the dynamism of people who don't mind getting up early in the morning and putting in a good day's work for their pay. They bespeak a continuing productivity achievement that we respect, if only for the reason that Japanese workers and the goods they produce are making their competition felt more and more in this country and throughout the world.

In this situation, we who try to serve farmers and speak in behalf of farmers have all the more reason to say that American agriculture is pleased to count Japan as its best customer, and that we want that relationship to continue.

We have good reason to strive for increased farm exports.

Ten years ago the export sales of U.S. farm products to Japan amounted to less than \$500 million a year. But as Japanese economic growth has taken place and as Japanese incomes have improved, American agricultural exports to Japan have moved upward, to a level of more than \$1 billion a year at present.

Mr. Ambassador, no doubt you recall the luncheon held here in Washington in the fall of 1970, when Japanese and Americans met to celebrate the first U.S. billion-dollar agricultural export year in our trade with Japan. You gave credit for that record to this Nation's farmers and to America's "super salesmen" from the commodity trade organizations. I believe that the record of that occasion will show that you said they are well on their way to selling \$2 billion worth of American farm products in your country.

Speaking in behalf of America's farmers, I can assure you that we are with you 100 percent in our aim to attain that goal. The single most important area of potential growth for the farmers of America is export trade to Japan, to Japan's Asiatic neighbors, and to all other countries around the globe. Already, one out of every two bushels of wheat, and one out of every two bushels of soybeans that we produce, are sold overseas--exports are a prime source of income for this Nation's farmers. Our productive capacity is far in excess of domestic needs--indeed, one of our perennial problems is over capacity to produce major crops such as wheat, feed grain, and rice. Export markets offer the best means of absorbing our excess production.

Therefore I can assure you, Mr. Ambassador, that our "super salesmen" will be working harder than ever to make your prediction come true.

And hard work will indeed be required. Markets grow, but sales are built. Behind that \$1 billion mark of 1970 lay years of effort by government groups and trade groups, both American and Japanese. Years of

careful planning and diligent effort on behalf of U.S. feed grains, wheat, poultry, soybeans, and numerous other commodities--some 30 in all.

We can expect a step-up in promotional activity this year.

For the current fiscal year the Foreign Agricultural Service of the Department of Agriculture has budgeted around \$2.8 million for joint market development work in Japan. U.S. trade groups will focus on 13 projects representing 11 commodities.

Five of the trade organizations--we call them cooperators--have fulltime offices and continuing projects in Japan. They are working on behalf of soybeans, wheat, feed grains, poultry, and rendered products. Other products receiving the benefit of current cooperative activities in Japan include cling peaches, raisins, citrus, cotton, almonds, and peas and lentils.

On its own, the Foreign Agricultural Service stages a number of different kinds of activities to expand U.S. sales of farm products. Last year, as you may recall, U.S. food exhibits were held for the food trade in four cities outside the metropolitan complexes of Osaka and Tokyo. U.S. mohair exhibits and seminars for the trade were held in three cities.

We are looking forward to the biggest U.S. food exhibit of the year next month in Tokyo. The Foreign Agricultural Service will join with nine States of the Midwest and other parts of this country to sponsor an American Food Festival at the U.S. Trade Center, similar to a highly successful exhibition held in Tokyo over a year ago. A wide variety of food products from some 19 States in all will be shown--Michigan cherries, Wisconsin cheese, canned ham, and many other food specialties to appeal to Japanese taste buds.

In other areas, point-of-purchase promotions of U.S. foods, prepared for ready use by the consumer, have been held with one Japanese retail chain of 10 stores, and with one store in Sapporo during the winter Olympics. Five more major retail promotions are scheduled in May and June.

Menu promotions, featuring American-style foods, are "on the books" this year with at least one restaurant chain in Japan. Eight or 10 receptions for the Japanese food trade, devoted to the handling and preparation of quality beef from America, will also be held during the current year.

We look forward to increased participation in the Japanese market.

Under the impact of rising consumer buying power in Japan, along with product-oriented educational and promotional programs, Japanese dietary habits are changing. As a result there can be foreseen an increasing demand for more meat, milk, eggs, bread, and similar food items associated with better living. Changes have already occurred--and we have helped bring them about. And U.S. farm products have moved in to help meet the growing demand. Substantial growth in U.S. agricultural shipments to Japan gives proof of what has happened. We set a record of \$1.1 billion in fiscal 1970 and broke that record with \$1.2 billion during the last fiscal year.

The situation in Japan seems ripe for more records. Consumer incomes have gone up by more than three times in a decade. Per capita GNP skyrocketed to an estimated \$1900-\$2000 in 1971. And there is great room for improvement, both from the standpoint of Japanese consumption and U.S. exports to support that consumption. Japan, with the third strongest economy in the world, ranked 43rd in 1970 among 48 developed nations with respect to per capita consumption of red meat--Japanese consumers averaged 23 pounds apiece compared with a low of 15 in Honduras and a high of 230 in New Zealand. That leaves a lot of room for growth, for beef consumption and feed grain use.

And consider what happened when Japan liberalized grapefruit imports last July. In November alone, after the West Coast ports reopened, some 3,800 tons of fresh grapefruit were shipped out from this country to Japan--nearly 70 percent more than total 1970 shipments. Grapefruit shipments from July to this past January were worth \$3.5 million, more than 10 times the value of those for the corresponding months of a year earlier.

Moreover, retail prices for average-quality grapefruit in Japan have stabilized in the range of from 20 cents to 40 cents, well below half of what they were before liberalization. Japanese consumers have benefited; and U.S. producers have benefited. Japanese consumers are getting more of a fruit that they want and like, at a lower price--just as they have been getting more meat and poultry at better prices, thanks to the developing Japanese livestock industry based on grains and protein feeds efficiently produced in the United States and other distant lands.

This is what trade is all about.

The recognition of this principle--an exchange of goods based on efficiency of production--is at the root of the remarkable development of U.S.-Japanese trade, and the striking growth in America's agricultural exports to Japan.

The world's trading nations still have a long way to go to perfect this system. The United States and Japan are no exception. But little by little we are making progress. I am sure that in your conference sessions today you have been discussing some of the problems that still exist between our two countries.

Over the years, Japan has removed barriers or reduced tariffs on a number of items important to U.S. agriculture--grains, soybeans, cotton, hides and skins, and several other leading U.S. export commodities. Japan has also

removed many non-tariff impediments to trade; several quotas have been removed or expanded.

This is progress, and we are pleased with it. Yet as one who works for American farmers, I am concerned about numerous remaining barriers that still stand in the way of our realizing the full potentials of trade with Japan.

We have good reason to work together to ease trade obstacles.

Despite liberalizations that have occurred, the Japanese import quota system continues as a serious obstacle for many commodities. For example, the sales potential of fresh oranges and fruit juices continues far greater than the quota levels.

Also, tariffs on many agricultural commodities are relatively high. Besides being under quotas, orange and grapefruit juice are subject to tariffs of from 22.5 to 30 percent. Lemon juice, which has been liberalized, is subject to a 22.5 percent tariff. The 25 percent tariff on beef weighs heavily against the higher priced, quality U.S. beef that is becoming so popular among Japanese consumers.

On some items that have been liberalized, tariffs were raised; this has tended to nullify the benefits of liberalization. Japan has also begun using variable levies, which in our trade dealings with other countries have proved especially irksome. When feeder and slaughter hogs and pork were liberalized by Japan last October, they were made subject to a variable levy. The same will be true for bacon and ham when they are liberalized next week.

These are some of the problems--and no doubt you can think of others. Much work remains to be done to solve them, by government and private enterprise alike. The records that U.S. agriculture has set in Japan have not come about automatically, nor will they come automatically in the future.

So I look forward to our working together to overcome the problems, and to the day when we do, indeed, celebrate a \$2 billion market for American agriculture in Japan. I look forward to a continued drawing together of the people of our two great nations, and to firmer bonds of understanding and friendship. Over the years we have welcomed the visits of teams of Japanese agricultural specialists, and in 1970 our Government had the honor to entertain a group of Japan's foremost agricultural policy leaders.

In the months and years ahead, as we take part in trade expositions, or as farm leaders from America are invited to make return visits to Japan, let us look forward to a deepening of confidence and respect between our countries. There remain great opportunities for us to help one another.

Every so often, we read in American newspapers or hear over television that a housewife with a "green thumb" achieves great success with one of her potted plants by talking to it, showing friendship to it, or playing sweet music to it. Perhaps that's the secret of the success that the Japanese have with their famous bonsai. We may not have scientific evidence that our attitude toward growing things helps them grow, blossom, and bear fruit. But we do know, of course, that a plant which is nurtured with care, in the friendliness of sunshine and rain, and protected from the buffetings of storms or the attacks of pests, has the best chance to survive and thrive.

The same is true of trade and international relationships. America's friendship with Japan, with other nations of Asia and the entire world, is

like the plant that needs protection. Our friendship will grow and bear the fruit of prosperity if it is nurtured, and protected from the storms of hostility and the poisons of distrust.

FOR PMs Release March 27, 1972

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FOOD RESOURCES AND THE POPULATION EXPLOSION

You who are concerned with defense preparedness and U.S. Free World leadership may agree that the essence of America's grand strategy was embodied in Woodrow Wilson's words of nearly 50 years ago: "The world must be made safe for democracy."

And you are well aware that between us and the attainment of that ideal, tremendous obstacles exist--obstacles arising from different ideologies and from fundamental contrasts between Free World and Communist nations in their philosophical-political concepts of the individual and the role of the state.

The historical record since the 1917 revolution in Russia makes it clear that totalitarian forces feed on the misery, discontent, and hunger of people. Realizing that truth, you and I have reason to feel concern that too many Americans are complacent and "at ease" in a world still struggling for food. Even though we can see evidences of progress in the broad effort to overcome hunger, the fact remains that some two-thirds of the world's people live in chronic poverty, disease, malnutrition, and general wretchedness.

Ghandi once remarked, "Even God dares not approach a hungry man except in the form of bread." It is futile to preach to hungry people about individual freedom, democracy, and the dignity of man when their compelling desire is something to eat. I submit, therefore, that a strong argument can be made for the point that not until people everywhere can live without worrying about where tomorrow's meal will come from, not until they have the assurance of sufficient food to keep body and soul together--only then can the world truly be made safe for democracy.

Address by Secretary of Agriculture Earl L. Butz, National War College,
Washington, D.C., March 29, 1972, 8:30 P.M.

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President Nixon has observed that "peace is something more than simply the absence of war." In his words, "Peace means creative giving, making a contribution to the betterment of our own people and to the betterment of people throughout the world. And who better understands that than the men and women of American agriculture?" Indeed, he went on to say that America's farmers deserve peace prizes because of all they have done, and are doing, to help other nations develop the capacity to feed themselves and thus to "remove what would otherwise be a time bomb which would explode and involve us and all other nations."

It is in the spirit of the President's very sound and realistic appraisal of the part agriculture has to play that I welcome this opportunity to report to you this evening on the world food situation, our resources versus continued population growth, and our means for coping with widespread hunger and malnutrition.

Dimensions of the Task Ahead

The world's population today is estimated at 3.6 billion persons. Despite increasing efforts to control population growth, and evidences of a leveling off in the United States and other developed countries, reliable projections point to a world population of approximately 7.5 billion by the year 2000, less than three decades from now. And it could be much more--up to 9 billion or more.

Of greater significance than the total itself is where the population expansion will occur. The United Nations projections foresee an increase of roughly 40 percent among the developed countries, most of which have developed the capacities to provide for their people's food needs. But among the developing countries--the so-called less developed countries or LDC's--the expansion is taking place at an explosive rate of up to 3 percent a year in some countries.

Assuming the Model range of the projections, we can anticipate an over-all doubling of world population by 2000 with the greatest increases occurring in the regions of greatest need. All of which means that if the 7 billion plus people predicted by the turn of the century are to be sustained, with no improvement in diet whatever, we will need to have the capacity to feed another three billion--and this must be done in the short term of about a quarter of a century.

The dimensions of the task ahead are tremendous--we must duplicate in the next generation the production record that man has achieved since the dawn of history. Yet we have reason to believe we--and by "we" I mean not the United States alone, but all nations working together--can meet the challenge. But by the thinnest of margins.

Food Production versus Population

The consensus among top authorities indicates that the world is capable of supporting its population for the coming 30 years and beyond, if resources and technology are used effectively, and if international and internal transfer of food to the poor is made possible. Those are mighty big "ifs," of course.

Since World War II, food production in developing countries managed to rise slightly faster than population--about 1/3 of 1 percent faster, annually. Despite these gains, serious caloric and protein deficiencies remain in the LDC's, according to the Food and Agriculture Organization of the United Nations. Moreover, there have been sharp departures from the over-all trend of increased per capita food production; and in important Asian countries where food shortages have been most acute, the possibility of placing more land under cultivation has now been well-nigh exhausted.

The success of the LDC's in keeping production slightly ahead of population growth stemmed from a combination of factors. Massive food aid--much of it

from the United States--staved off famine in the monsoon regions during the mid 1960's. Weather conditions began to improve. Also, LDC's adjusted their agricultural policies, with strong external support from the United States and other developed nations. Varieties of wheat and rice, developed at international research centers sponsored by the Rockefeller and Ford foundations, were introduced. Planted on a wide scale in intensive crop production campaigns, the new varieties doubled and even tripled grain yields. Demands for more grain, at higher prices, spurred LDC farmers to greater efforts.

Advent of the 'Green Revolution'

What surfaced was an unexpected potential for agricultural growth that many people optimistically hailed as the "Green Revolution." Yet this giant step forward has left many basic problems untouched and in some instances has led to new difficulties. The so-called "Green Revolution" has hardly begun as yet, and it is far from solving the world food problem. Even in the few countries where its success has been most spectacular, many farmers were bypassed because they lacked opportunities or abilities to share in its advantages.

Little actual improvement in diets has been realized, for example, despite some progress in fortifying food and in increasing the protein value of cereals by genetic manipulation. Most LCD's possess neither the research facilities nor the trained personnel necessary to develop the technologies that can energize agriculture. Nor have high-yield wheats and rice varieties been developed for the tropical monsoon belt or for arid areas, where a great part of the remaining arable land in the less developed world may be found.

Most LDC's do not have adequate distribution systems to bring the farmer what he needs for modern agriculture and carry his harvest to market. Costs are high; product losses are great; market information and systems of grades and standards are practically non-existent.

The picture ahead is made no brighter by the fact that in 1985 rural populations will be running 50 percent greater than levels of the 1960's, with no prospects of employment for these greater numbers of people.

Impact of Production on Markets

Still another complication arises when higher cereal production in developing countries parallels accelerated production of the same grains in developed countries. This kind of duplication piles up grain supplies and depresses prices. The resulting dilemma underscores a point that most non-agricultural people do not understand or appreciate. Many who view the food supply-population equation from the humanitarian angle seem to ignore the economic facts of life.

Whether farmers go into higher-yield technology or bring more land under cultivation depends primarily on what they get for their work. Profits, in turn, depend on the cost of production and the prices farmers receive for their output; and farmers usually have little control over either of these factors. Hence it is difficult to estimate how much of a commodity will be produced without reckoning with factors that influence the price and availability of farm products.

In the same way, the prices that consumers must pay influence how much food they are able to buy. In developing countries, changes in the prices of basic cereal grains do not alter demand very much; for other commodities, however, such as meat, milk, and produce, price is a key factor as to how much will be bought. In low income countries, most people do not have the means to buy adequate diets at regular commercial rates. Additional production will therefore be inhibited unless there is some way to expand demand through commercial prices.

The response of LDC's to the promises and problems before them is critical. Their actions must be prompt, vigorous, on the right scale, and

in the right places if the response is to be adequate to meet tomorrow's food and dietary needs. In a report to President Nixon early in 1970, the Secretaries of Agriculture and State indicated that investments of as much as \$150 billion might be needed to double food output in the LDC's by 1985.

We of the developed countries bear a heavy responsibility to cooperate with the underdeveloped nations and help them to reach the day when the world can feed the world. All available assistance, national and international, public and private, will be needed.

Avenues of Assistance

During the years of postwar reconstruction, American assistance to the LDC's was almost exclusively bi-lateral, on a country-by-country basis. A great part of it was humanitarian--outright donations of commodities through the "Food for Peace" program established by Public Law 480. In more recent times, U.S. assistance has been increasingly provided in the context of international cooperation and coordination. President Nixon has emphasized the sounder approach of funneling more and more of this country's aid through multilateral international channels.

And increasingly, the emphasis will be not on exports of commodities and food products as humanitarian donations, but as items of commercial trade. To whatever country that has need of our feed grains, wheat, and protein meal, the benefits of American productivity and our comparative advantage are being transferred through trade.

In the battle to overcome world hunger, even more important than the food products we give or sell are the technologies, expertise, and brainpower that we can provide. I repeat that in the long run, the world must feed the world if mankind's victory over hunger and malnutrition is to be won--and the responsibility of the technically advanced, freedom-loving nations is to

help the less fortunate countries learn how to feed themselves.

Our responsibility therefore is to work through all available international outlets to strengthen the agricultural capabilities of the LCD's, to build and improve their infrastructures of institutions and marketing systems, and to guide them into fruitful trading relationships amongst themselves as well as with the developed countries.

American assistance currently is focusing on four major types of activity: (1) international agricultural research; (2) soil and water developmental programs; (3) agricultural training for farm technicians from abroad; and (4) the upgrading of institutional competence of central governments, particularly ministries of agriculture.

In scores of different ways, in scores of different countries, these thrusts are helping raise the general level of agricultural competence and of food production. We work through the World Bank for financing of numerous research and developmental projects. With the Agency for International Development we are conducting extensive training and demonstration programs.

The Department of Agriculture collaborates likewise with the Inter-American Development Bank, Asian Development Bank, Organization of American States, and the United Nations Development Program in the implementation and coordination of worldwide agricultural undertakings of many kinds. The extent of their efforts is so great and diverse that I have only skimmed the surface.

In the final analysis, I can assure you of this--the means for resolving the problems of agriculture and rural people in developing countries are available. And as those problems are eased, we keep pushing toward the goal of conquering world hunger. The biggest question that remains to be answered is whether all nations concerned, developing and developed countries alike, have the vision and the will to make best use of the means at their disposal.

On how well that question is answered, even by people like you and me,
depends the Free World's outlook for peace in the years to come.

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For A.M.'s, March 30, 1972

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I am glad to be here today in the great Empire State of the South--to greet you face-to-face and pay my earnest respects to Georgia's Agricultural Stabilization and Conservation leaders.

In Georgia, as throughout the Nation, ASC people are the Department of Agriculture's shock troops. Many of our efforts in behalf of farmers are translated into action by you--and your work is equally important to the Nation because all Americans are better off as agricultural capabilities and farm productivity improve.

With decentralization of Federal authority--a central theme of the Nixon Administration--we are reaching out to more people in the rural countryside through you. More farmers are gaining better access to Government assistance through you. You have a key role. You are mandated by the Congress to serve in the vanguard--to be the essential link between agricultural policy decisions in Washington and their implementation on the farms of America.

We are moving through a period of significant change.

For American agriculture, the past three years have been a time of transition and change, a time of turn-around in basic approach to the great tasks of farmers--on the one hand, providing the Nation a continuing abundance of wholesome food; and on the other, trying to prevent wasteful over-production that depresses farm prices and farm incomes.

Address by Secretary of Agriculture Earl L. Butz at Georgia Agricultural Stabilization and Conservation Service Conference, Atlanta, Georgia, March 31, 1972, 11:00 A.M. EST.

The spirit of decentralization and change underlines almost every clause of the Agricultural Act of 1970. In place of the rigid controls and old procedures that locked farms in patterns of the past, the 1970 Act gives greater decision-making freedom to farmers. The set-aside approach says: Manage your own business, make your own decisions, grow what you want for the best profit opportunities, adapt to change.

This is what most farmers like. For the second year in a row, the farm sign-up in major programs is the highest on record. Under Secretary Phil Campbell told me the other day that a former outspoken critic of the cotton program now says that the only thing wrong with it is that it has an expiration date, and that it ought to be made permanent.

Phil Campbell tells me that's the kind of play-back he is getting all around the country. His evaluation means a lot. You know your fellow Georgian well. You realize, as I do, that he knows farming and is a keen judge of farmers' thinking.

We are seeing good things happening in agriculture.

We are entering the second year of programs under the 1970 Act. It is really the first full year, since much of the 1971 wheat crop was already in the ground when the Act was passed. Yet already we are beginning to see encouraging results. I want to express special commendation to you and your fellow ASC officials in all the other States for your success in conveying and interpreting for farmers the details of the new set-aside plans.

The new programs are working. Last year, the impact of the 1970 Act helped accelerate profitable shifts in cropping patterns. Some 90 percent of the farmers taking part in the set-aside programs took advantage of opportunities to plant either less or more than their allotment or base.

This year, as a result of farmers' decisions to use the various options made available to them, there will be a substantial reduction in crop acreage, amounting to 61.5 million acres in all. More than 37 million are feed grain set-aside and they include 3.3 million "B option" acres shifted from abundant commodities to items such as soybeans for which there is a strong market demand. This is on target with what we had hoped to achieve--you can be proud of this decision by farmers as a result of your good work.

We are seeing signs of solid gains for farmers.

Farm prices at the start of this year were 13 percent higher than a year ago, whereas farm costs had advanced only about 5 percent--that net gain is one of many encouraging signs.

Gross farm income this year is expected to be the highest in history, up \$3 billion to \$3 1/2 billion over last year. Even better news is that farm costs are likely to increase less than in recent years, owing to the Phase II economic controls.

Realized net income from farming should be \$1 1/2 billion to \$2 billion better than last year--a 10 to 12 percent improvement over 1971.

Income per farm is up. In 1972, the average income per farm from farming will be the highest on record, at somewhat more than \$6,000 per farm, up more than \$600 over last year. That will mean that the income per farm from farming for the four years, 1969-72, will average a bit more than \$5,650---a 40 percent improvement over the average of \$4,079 for the previous eight years from 1961 through 1968.

The same upward trend is occurring in individual, per capita income of farm people. And I say it's about time! We want to see farmers do better so that they will have more opportunity and greater incentive to stay in agriculture.

That's good for farmers, good for farm communities and the rural countryside, and good for the whole Nation.

We are making some progress in this regard, too. The average decline in the number of farms during the last three years has been 47,000 a year. That's quite a bit better than the average annual loss of 106,000 farms during the preceding eight years of 1961-68. But we want to do still better, and I want you to know that President Nixon has backed me up every step of the way in my efforts to improve the farm situation and the outlook for farmers.

We are seeing the Government make heavy investments in agriculture.

Besides the increased funding for crop programs, Government investments in rural America are at all-time high levels. Consider for instance the dramatic doubling since 1968 in agricultural credit services--loan and grant operations of the Farmers Home Administration jumped from \$1.3 billion to above \$2.5 billion nationally. Here in Georgia, the FHA increase was from \$46 million to \$96 million currently.

Among our first actions after I took office was to obtain the release of \$55.5 million for the Rural Environmental Assistance Program, one of your major concerns.

The Administration's funding of the rural electric program reached \$438 million this year, the highest in recent years and second highest point in the entire history of REA--and the same high level has been recommended for next year.

And tremendous benefits for consumers and farmers alike are resulting from the President's all-out battle to eradicate poverty-caused hunger and

malnutrition from America. Commodity distribution and food stamp programs are helping close to 15 million poverty victims get nutritious food. The value of food stamps has jumped from \$20 million a month to well over \$140 million a month in three years--a huge increase in food-purchasing power that has made living better for poor people and made markets stronger for farmers.

Outlays for all food programs, including school lunch, have soared from a \$1.3 billion level at the start of the Nixon Administration to above \$4 billion today. And my mention of school lunch reminds me that here in Georgia, some of the most outstanding work in the entire Nation is being done to upgrade the effectiveness and quality of this important and expanding effort--thanks in large degree to the leadership of Georgia's Josephine Martin, a member of the National Advisory Council on Child Nutrition.

We are increasing the help that farmers need.

Just as great shifts are occurring throughout agriculture nationally, Georgia's farming industry is changing--changing in size, and changing in diversity. Fifty years ago, Georgia agriculture took in about \$200 million in gross cash income--now farmers' gross farm income in Georgia is six times greater, well over \$1.2 billion a year. Fifty years ago, cotton was king--it represented about two thirds of Georgia's farm income.

You know of the dramatic, almost unbelievable changes that have taken place--Georgia's top-ranking position as a poultry State, your Number 1 place in pulpwood production, the increases in cattle and hogs, the emergence of peanuts as your foremost cash crop, the development of your soybean industry, not to mention your leadership in pecans, peaches and naval stores.

Growth and adjustments are not always easy, and I know many Georgia farmers have problems. I want you to know that as your hired hand, I intend to have the Department of Agriculture do everything in its power to help farmers over the rough spots.

I am particularly concerned, for example, about the problems of your poultry industry. Earlier this month I declared a national emergency because of outbreaks in California and other States--including your neighbor Florida--of exotic Newcastle disease, which is much deadlier than our American strain of Newcastle. You may be sure that our newly organized Animal and Plant Health Inspection Service will be making special efforts to safeguard Georgia flocks--and that the cooperation of every last poultry producer and bird keeper will be crucially important.

We are well aware, too, of the depressed price condition of the poultry and broiler industry. Chicken has an incomparable story--and we of the Department are getting out the message that it is a high quality protein, low in calories and fat, available to everyone at a reasonable price. In fact, it is one of the few protein foods being sold to consumers today at prices below those of the 1940's and 1950's. We are trying to help you who are in the broiler business with your marketing problems, as well as your production problems, and we believe your situation is going to improve.

I like to see farmers lift themselves up by their own efforts, and am pleased to learn that the National Broiler Council expects in the near future to publish a reference book called "Chickopedia" that tells the whole story about this excellent and typically American nutritional source.

The subject of poultry brings up eggs--a \$200 million Georgia industry that has been experiencing its full measure of price trouble. If producer egg prices continue down after Easter, the Department of Agriculture

stands ready to resume its egg purchase program. And as you may know, we have activated a special team of egg marketing specialists to work with producers, food processors, and other business people to seek ways to boost sales of eggs and boost producers' incomes.

We seek farmers' cooperation in our agricultural improvement efforts.

Most city people--including many right here in Atlanta, without doubt--have no way of realizing the amount of investment, the amount of risk, and the amount of hard, dawn-to-dark work that farming involves. You do, of course--you know that whether it's a sudden outbreak of a deadly livestock disease, or a bad turn in the weather, or a collapse of market prices, farming is a risky and often costly business.

Government, through loans, disaster relief, research, and expert advice, can help fight your problems--but what counts most in the long run is how farmers cooperate among themselves to find the best solutions.

Cotton is a good case in point. Cotton is gaining a lot of momentum--the textile cycle, here and abroad, is swinging toward cotton. Fabrics made of cotton have the natural-look styling potentials, comfort, and ease of care that consumers prefer. Yet cotton's future can be jeopardized if shortages of supply erode customer confidence. The projected cotton carryover at the end of this season of 3.5 million bales, the lowest in 20 years, is sufficient to supply the market for only about four months' time.

If mill customers for American cotton cannot be assured a continuing and stable supply of top-quality fiber, their only alternative is to turn to synthetics or foreign growths--and neither alternative is healthy for the U.S. cotton farmer or the cotton industry.

This is why we attach considerable importance to the current effort underway to obtain better yields. Cotton producers here in Georgia and other States have much to gain in seeing the program succeed. We have incorporated into the better yields program the cost-cutting work that has been started as a result of \$500,000 secured for this purpose. The expanded pest management program that was recently initiated will also be brought to bear on the yield improvement effort.

Change can breed problems. It's going to take your efforts, along with those of us in USDA and the cooperative Land Grant educational system, plus our friends in the processing industries, to seek out the answers. Take the peanut situation, for example. Research played a key part in developing this great Georgia industry, and in just three years the florunner variety has jumped from less than 1/2 of 1 percent of your peanut acreage to more than 50 percent. Now this prolific producer is putting a strain on the loan program; and some observers caution that it could undermine your well-established markets for Spanish varieties. It will take brains and a good amount of statesmanship to cope with this problem.

And so it goes with other problems of the farming industry and the rural environment. Your understanding and the cooperation of farmers will be essential, for instance, in the continued but more tightly controlled use of mirex in fighting the fire ant scourge. We could mention many other illustrations, areas of difficulty that we have to keep hammering away at, in the best interests of farmers and in the best interests of the public.

We are seeing the truth beginning to come out in food prices.

I suspect that here in Atlanta, the Southeast's distribution center for supermarket chains, the subject of food prices has come to the fore as everywhere else. Some of the observations I have been making about the

need for better farm prices, and improved income for farmers, may have helped consumers see the real truth in the price situation. I hope so.

And this is why I welcome the public hearings on food costs that the Price Commission will hold starting April 12. If farmers were to blame for what's been happening to retail food prices, I might be running for cover. Instead, I'm going to stand up and tell the truth about farmers and about farmers' productivity per man hour, which is 3.3 times more than it was 20 years ago--twice as fast a rate of growth in productivity per man hour as in manufacturing industries.

I intend to let the Nation know that between 1951 and 1971, while farmers' prices for food products went up a magnificent total of 6 percent through all those years, the Nation's wage rates went up an average of more than 6 percent every year during that time, for a total increase of 130 percent.

And let me say this: If the United States is to stay strong and well fed, I have an obligation to all America which transcends my obligation to any one segment of the economy. But the responsibility I have toward farmers certainly is not inconsistent with my concern for the well-being of all citizens. Economically insecure farmers who earn 25 percent less than other sectors of the economy cannot survive as 2nd class economic citizens--and if their food production plant becomes inefficient, all consumers suffer.

Therefore my obligation as Secretary of Agriculture is to do what I can to assure a continuity of ample, healthful food at reasonable cost--and reasonable cost means fair play in the marketplace for both consumers and farmers.

The issue that confronts America is bigger than food prices or farm prices. It's an issue of basic principles, on which farmers may be able to shed some light through the example they set. You and I who came up through farming, who understand work, who understand production, who understand the importance of giving a day's work for a day's wages--we have a new opportunity to get that message across--that if you would have more, you must produce more.

Too many in our country today, who walk off their jobs, or walk off the Pay Board, or demand that the pay guidelines be ignored, are trying to get more out of the goose that lays the golden eggs. Different groups approach the goose differently. Some seem to think that by squeezing the goose, more eggs will come out somehow or other.

The liberals say, "Let the government eat the goose and lay the eggs itself."

But there are still some of us--and I count you among them--who believe that the only way to get more golden eggs over the years is to feed the goose, put a little fat on its back, pour a little profit back into it, put a little investment back into it, let it eat an egg itself once in a while--let it enjoy some of the fruits of its own production effort.

That's the system that made our Nation strong and prosperous. It's the only system that can generate the food supply, the greater affluence, and the better environment that we all want for the future. Let us--all of us without exception--strive to make that system work even more successfully in the years to come than it has in the past.

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AGRICULTURE AND RURAL AMERICA IN THE '70's

For farmers and the agricultural industry, these are times of unprecedented change--significant, deep-seated change that will continue through the decade of the Seventies and make a lasting impact on the very face of America. Presidents and Administrators of Agriculture of the Land Grant educational institutions are certain to be catalysts and motivators of the changes to come.

Take a good look at the current scene, at events happening right now, and you see a great industry going through transition. New crop programs under the Agricultural Act of 1970, for example, are accelerating shifts in cropping patterns--production is concentrating in regions of greatest efficiency and profitability.

Agriculture is moving toward market-oriented production.

With quotas, penalties for over-production, and similar controls removed from production of major crops, farmers are exercising new managerial freedom to plant what and where they want for best market opportunities. We are making determined efforts to curb excess production and work down excess stocks. Farmers are enrolling farms and acreage in set-aside programs at a record-breaking pace for a second straight year.

Address by Secretary of Agriculture Earl L. Butz at Southern Regional Meeting of Land Grant College and University Presidents and Administrators of Agriculture, Atlanta, Georgia, April 20, 1972, 10:30 A.M. EST.

We are seeing the Nation's biggest industry--with 4.5 million workers--undergoing a fundamental change of course to gear production to the real demands of markets at home and abroad. We are seeing farmers attain a new place of importance as they contribute \$6 billion to the U. S. commercial trade balance, which is vital to the stabilization of our international economic relationships.

We are seeing the world's finest food production system improve its efficiency, outpace the growth rate of productivity per man-hour of manufacturing industries, and amply meet the needs of our growing population while increasing exports to foreign markets at record-breaking rates. Food is the first law of life--the first claim any society has on its total resources is to assure sufficient food to keep the people well fed and productive--and American agriculture is proving dramatically its ability to fulfill that vital law.

Agriculture is winning the battle over hunger.

Because of the unrivaled productive power of American agriculture, farmers are able to play a leading role in conquering mankind's ancient enemy--hunger and malnutrition. The battle is far from over; it will be long; it will be difficult; it will have to be fought domestically and internationally, by private and public means alike. But we are making dramatic progress.

Here at home, President Nixon's campaign to banish poverty-caused hunger has brought about--during the past three years--the most massive effort ever undertaken in world history and now nearly 15 million people are receiving family food assistance; more than 8 million needy youngsters have free or reduced-price meals in school; and close to 25 million children participate in the National School Lunch Program.

Internationally, millions on millions of people can look forward to more food and improved diets because trade avenues are being opened up so that American farm commodities can flow to Europe, the Soviet Union, Japan and many other countries. My recent mission to Russia was quite in keeping with the changes that are occurring.

Agriculture is gaining strength for greater tasks ahead.

Agriculture's continuing primary responsibility will be to assure our growing population an ample supply of wholesome food. Yet farmers will face other tasks and other opportunities of the first magnitude during the years of this decade. These missions are being imposed by our affluent and increasingly enlightened society--a society of people concerned with the total economic, social, and natural environment, the total setting in which people will live, do their work, and seek their recreation.

We are beginning to see signs that agriculture is gathering strength. Gross farm income this year is expected to reach an all-time high. Phase II economic controls are helping retard the rise in farm production costs. This leads us to anticipate that farmers' realized net income will also set a record this year. If 1972 turns out the way it now looks that it will, farmers' total realized net income will average \$16.4 billion for the four years, 1969 through 1972, compared with an average of \$13.8 billion from 1961 through 1968. That's a 19 percent increase--even though it's not enough to satisfy me. The figure for 1972 is expected to range from \$17.2 billion to \$17.7 billion.

Income per farm is up, on the average, and the same is true of per capita income of farm people. The average disposable income of farm people is catching up some, compared with averages for non-farm people. During the last three years, average disposable income of farm people has averaged 75 percent of that of non-farm people--which is up from 68 percent in the 1961-68 period. We want this to improve, but it's another sign of progress.

We want farmers to do better so that they and their rural neighbors will have more opportunity and a greater incentive to stay in the countryside. We are making progress in that regard, too. The average decline in the number of farms per year during the last three years has been 47,000--compared with the loss of 106,000 farms a year from 1961 through 1968.

The new programs encourage crop specialization, and this is another source of increased agricultural strength. The programs emphasize opportunities for farmers to cash in on improved efficiency and increased productivity. Yet in its broad dimensions, modern American farming also has a remarkable capacity to be diverse and flexible, and this likewise is a significant source of strength. Nowhere is the dynamism of agriculture better illustrated than here in the Southland.

Once this region was largely a one-crop economy, when cotton was king. Your institutions and the experiment stations have been intimately involved with the transformation that has taken place--a process of growth and change still underway and certain to continue. Only two decades ago, few persons could have visualized what wonders the combined forces of research and farm enterprise would perform. The South's agricultural base has vastly expanded with the rapid growth in the broiler and egg industry, the increase in livestock production, revolutionizing of peanut production, expansion of soybean output, and the emergence of wood pulp as a leading commodity.

Double cropping, livestock feeding, catfish farming--new products and new methodologies are looming on the southern agricultural scene. We intend to give real meaning to rural development--the generation of opportunities, economic, cultural, and social, all across the board for farmers, for farm families, and for people who prefer to live and work in the rural countryside.

Agriculture will have many problems to solve.

Whether we of the Department and you of the Land Grant institutions are occupied with commercial agriculture or the broader interests of rural America, we can foresee problems ahead that will call on our best brainpower and manpower to solve them.

Many of these problems--which we prefer to approach as opportunities--relate to the national picture; they relate to trends in the attitudes of city people as well as farm people, to research and technological approaches that ought to be pushed now in order to cope with tomorrow's needs. Tomorrow's needs, and tomorrow's standards, are more easily discernible today than they could have been just a few years ago, because we are becoming more sophisticated in our collection and use of knowledge.

When we speak of tomorrow's needs, we refer, for example, to constraints on natural resources that are likely to be imposed on farmers and other users of land and water. We refer to such controversial issues here in the South as clear cutting in forests and clear channelizing of streams--not to mention mirex and the urgency of controlling fire ants. I refer, of course, to the whole question of how best to preserve and enhance the natural environment, without jeopardizing agriculture's ability to produce sufficient food and fiber.

There is also the all-important problem--and opportunity--of how best to achieve balanced national growth, so that rural America can share meaningfully in the Nation's economic expansion during this decade. Here there is no real line of demarcation between agriculture, per se, and rural development, as far as you and I are concerned. We cannot afford to compartmentalize our attention or confine our efforts to bits and pieces--we need to take the broadest possible view of rural America's future.

The Department of Agriculture is deeply committed to the involvement of young people in all aspects of rural development. Young men and women who are now under your charge will be tomorrow's decision makers. We urge you to give them opportunities through youth programs and junior leadership experiences to become actively engaged in the work of infusing new energies into our rural economy. Help them get a feeling for community planning, help awaken their awareness of the need for practical land-use policy determination, help them relate to the work of State and local Rural Development Committees, help them assume some part now in the responsibilities for bringing about controlled, healthy change.

The rural development tasks ahead will call for all the talent, imagination, and energy that each of us can muster--and the involvement of today's young people will be vital.

The same is true of our persistent efforts to improve rural income levels, to improve commodity and livestock production methods, or to improve the flow of products from farms to markets.

And the passage of time will uncover new challenges in food quality and wholesomeness. Science is providing more sophisticated detection devices and techniques. They give us greater ability than we had even a few years ago to **observe** the relationships between animal health and human health, and the potential effects of feed additives, food preservatives, and other substances. Science is providing new insights into people's nutritional needs and the potentials that lie in food production and food processing to meet those needs.

Agriculture will make increasing demands on Land Grant institutions.

Who knows what wonders may lie ahead for agriculture and rural America---in chemurgy, hybridization, artificial photosynthesis, genetics engineering, and what some might call biological farming? Who can guess what impact advances like these may have on our productive capacity, and on our future use of land and water resources? The present pace of change in our world of science and technology is so explosive that they can occur much sooner than we expect.

For the more immediate future, we must prepare now---as we are doing--to take entirely new approaches to crop production with emphasis on biological pest controls, for instance. To achieve success, we will need a "total systems approach" to this and all the other problems of agriculture and rural America--better decision-making techniques, better skills, better ideas. And this is where your role takes on paramount importance.

We shall need to mobilize all the resources of education and research to serve all the people of America--because to a greater degree than ever before, the task of agriculture during this decade will indeed be that of serving all the people. Supplying their food. Producing their fiber. Providing much of their home building materials. Safeguarding their precious environmental assets. Creating new opportunities for enjoying life in the countryside. Relieving the pressures of over-crowded cities.

The scope and multiplicity of the tasks ahead are so great that the maximum cooperation of Federal agencies, State institutions, local governments, private organizations, and rural people themselves will be essential. We of the Federal Government can help in many ways--we are already doing so and intend to do more. To cite some examples that come readily to mind--the new Animal and Plant Health Inspection Service, designed to advance health protection and save farmers money; the commodity marketing teams that are making a crash effort to develop new and innovative guidance for small farmers; the new Rural Development Service and expanded credit programs of the Farmers Home Administration; the current intensification of research on pest management methods.

But as we zero in on the problems of farmers and rural America during this decade, it becomes increasingly obvious that critical responsibilities will rest on you. Agriculture will need the best people it can get. Rural America will need the best leadership it can get. The complex of business and industrial enterprises that serve and supply farmers or process agricultural commodities will need the best personnel they can get. And governmental organizations at all levels that are serving agriculture and rural America will need the best talents they can get. Your institutions will be the chief source of supply.

The decade ahead will be full of excitement and accomplishment. We are linked together in a great agricultural industry. We are bonded together by that industry's great needs. We are joined in service to great people--the farmers and rural residents of our country. And our greatest challenge--our greatest need--our greatest opportunity of all--will be to develop people who can carry forward the missions of agriculture and rural America triumphantly.

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For P.M. Release, April 20, 1972

It's great to be back home--back with the finest of farm people anywhere. I know this Indiana country. I know this county. I know this co-op. And I know you. You are the best. You, and others like you, are the people who made this country great. You are the people who put life in this county and who continue to give it a solid base. You are the people who make this co-op work--for agriculture and for you.

Last December, when this year's political campaign was beginning--and concentrating on this Noble County farm boy's appointment as Secretary of Agriculture--I just wish that some of the most vocal of my critics could have known this county, and many of you. I wish they could have seen the Butz home farm. I wish they could have sat before the blackboard in that old one-room school house that still sits by the road outside Wawaka. I wish they could have known the County Agent who coaxed me to pack up and leave the farm and journey off to Lafayette to go to college. I wish they could have known you people and the stuff you're made of. And I wish they could have known this cooperative and what it means to you--and to me.

Some of you will remember that my Dad was manager of this cooperative--he was manager at the time I went off to Purdue to school, and he was manager during the hard years when we were scraping together the money to keep me there. I feel an even closer kinship to this cooperative because this was "our" cooperative. I saw it from the inside. I knew why it was put together. I knew what made it go. I could see and feel what it accomplished.

Address by Secretary of Agriculture Earl L. Butz at Noble County Cooperative Association, Inc., Annual Meeting, Albion, Indiana, April 21, 1972, 7:30 P.M. EST.

But most of all, I knew why it was effective. There were two reasons:

First -- The people who owned and directed and managed it were the same people who needed it in the first place, who used it, and who benefitted from it; and

Second -- The farmers who were its backbone believed that the best way to solve a problem is to roll up your sleeves, and do the job yourself.

This cooperative didn't just form--there was a need. Farmers were plagued with unbearably high costs and disgustingly poor service. They were concerned. Some were mad. But, instead of just standing in the dust rolling a corn cob with their foot and wringing their hands, those Noble County farm co-op pioneers kicked the corn cob and joined hands and started raising a little dust as they went about the job of solving their problems with their own farm co-op--for their own benefit.

I wish that the young people of this country who have such an abundance of undaunted idealism and such a passion to right the wrongs of the world could know this cooperative the way I do--because, if they did, they could see what it really takes to put direction behind that idealism and turn that passion into progress.

This cooperative has proven--as farmers have long known--what can happen if enough like-minded people join together to get something done. There was idealism in the minds of the builders of this co-op and there was passion in their hearts. But no windows got broken, no traffic was stopped, nobody's rights were jeopardized. A bunch of determined farmers merely made up their minds to do something--and they did it.

Now don't misunderstand. I don't pretend to believe that this or any other cooperative can achieve success easily. Quite the contrary--it's tough, agonizing, exhausting, sacrificing, sweat-producing work. But it doesn't involve winning a victory over someone else--some ruthless ogre, some other interest group, or some opposing party. The victory is in accomplishing a tough task, not winning over a tougher adversary.

All this takes leadership--potent, loyal, unselfish, inspiring leadership. You've got to move people to make a cooperative work. That's why cooperatives have produced so many capable leaders for all of agriculture. Our farm cooperatives--better than any other institutions in our life--exemplify the principles of democracy in practical application. This cooperative is a splendid example of the type of self-help leadership that keeps farming such a noble profession. Instead of begging for help, you believe in joining hands to provide that help for yourself.

Well, I think that it's kind of appropriate that I return to Noble County on this occasion to talk with this outfit which Dad used to work for. Dad was working as a rather specialized hired man, doing everything he could to serve your grandfathers and your fathers and some of you. And now, here I am--in the Butz family tradition--doing everything that I can as YOUR hired man. And that's just the way I feel about my job and the challenge that goes with it.

I'm working for you, just as much as Dad worked for your fathers and grandfathers. I'm working to help you find solutions to your problems, just as Dad was. I'm working to see that you have every chance to increase your income, and that's really what Dad was doing. And I am dedicated to making sure that you keep control of your farms and your marketing system, precisely what Dad was hired to do.

We're making progress. We've been fighting battles down in Washington, D.C. on a regular basis--and winning. We had to fight a battle over dock strikes. We still have a ways to go to get the permanent machinery we need to resolve transportation strikes--but no longer is there any mistaken idea that the American farmer and the public will let themselves be hogtied by such disputes.

We've had to speak out for farmers in the furor over food prices--meat prices particularly. And we're winning this battle in the court of public opinion because the consumer is clearly not blaming the farmer for getting closer to the prices he ought to be getting. I believe that the public is fair-minded when it has the facts--and we're doing all we can to see that it gets the facts about food prices.

We've changed the direction of farm programs from a mechanism which government planners could use to manipulate production and prices to one where farmers can make production decisions to meet market needs and still make higher returns--while still keeping their farms under their own control.

We've sent a number of task forces into the countryside to study our farm marketing system and to recommend ways in which the system can be improved to strengthen the position of family farmers who raise a half dozen commodities.

We've expanded sources of credit for farmers and rural people; we've beefed up our efforts for sound rural development; and we're pushing for reasoned approaches to protecting the rural environment.

We've slowed the exodus of farmers from the countryside--it has been cut in half from the average of 1961-68. We've improved farm prices, not as much as needed to give you a fair return--but we're moving in the right direction. We're improving farm income. And we're speaking out for farmers and joining you in fighting for farmers' best interests.

We've made it clear that the United States Government needs a full-time Department of Agriculture to serve the needs of farmers and the food production industry, and plans are for the Department of Agriculture definitely to continue

We've opened new channels of trade, we've eliminated shipping regulations which restricted trade, we've made new cash sales, we've pursued new markets with great fervor--and as a result, we've turned upward what had been a downtrend in farm exports and we're now setting farm export records.

But Dad went to work for you because he knew that there was a bright future ahead for the farmers of Noble County. Well, let me assure you that I wouldn't have packed up again and hurried off to Washington to be your hired man on the Potomac if I didn't feel that there was a bright future for you and for American agriculture. Nobody wants to be the hired man of an outfit with no future. I've always wanted to be a winner and a member of the winning team, and if I was not confident of your future, I wouldn't have decided to be your hired man in Washington.

Again, I say, I didn't trek across the Alleghenies expecting the job to be easy--and it isn't. But together, we're going to build a mighty bright future.

As you know, I just returned from Russia, and my special mission there was on your behalf: To sell your grain and help improve the relations between the two countries. We made some progress, but this, too, is a tough road where you don't have instant success. But again, I say, we are making progress

But our efforts to increase farm exports--and all of the other activities of the Department of Agriculture which are geared to undergirding a promising future for agriculture--are not the most important and most vital factor in your future.

Your future isn't going to be bright because of any magic that I am going to perform as Secretary of Agriculture--even though I hope to do a yeoman's job speaking out in your behalf and making the Department work for you.

Your future isn't going to be bright because of any action that the Congress is going to take--even though I hope that, together, we can convince the Congress to make decisions that reflect an enlightened understanding of the role and importance of the United States farmer to this grand nation of ours.

Your future isn't going to be bright merely because an ever-growing population, here and especially abroad, will demand more and more food to maintain life--even though food is and always will be the first law of life, a law which you more than anyone else stand to benefit from.

Your future isn't going to be bright merely because of the agricultural institutions which serve you--even though you are richly blessed with a complex of services--the Extension Service, the Experiment Stations, university classrooms, suppliers and purchasers, manufacturers and processors, farm organizations and governmental units--all set up to support your task of raising food.

Nor is your future going to be bright merely because of the Noble County Cooperative Association, Inc.--even though it is perhaps the greatest single factor you have going for you.

Your future is bright for the same reason that it's always been bright--because of the people in agriculture. People must do the work; people must make the decisions; people must bear the burdens of judgement; people must extend a hand for joining together with others; and people must lead.

Leadership is one of our greatest needs, as an industry and as a nation. And leadership doesn't come from agencies or governmental bodies or laws of nature or institutions or farm cooperatives--it comes from people.

We live in a highly complex society. Our democracy does not function automatically. It calls for thinkers, people who can look ahead, weigh the potentials, and exercise good judgement. This is the kind of leaders I am talking about.

We need that kind of leadership--but even more important--we need to create this kind of leadership among young men and women who will be guiding this country 10, 20, or 30 years from now. We must train our minds to think in social and economic terms, as well as in terms of production and science. We have to broaden our mental horizons--we cannot be entirely vocational minded. And we cannot afford to assume that this vital leadership in living together is a specialized calling to be left to a chosen few.

People have to get involved in the vital job of governing ourselves. In its best sense, politics is the art of governing, and I for one am as proud of being a politician as I am of being a hired hand for the farmers of Noble County and this country. That is saying a lot, because, in my book, you have every right to throw back your shoulders, lift up your heads, and say that you are proud to be farmers.

It takes people to get involved--and it takes good people to make things turn out right. And we have good people in agriculture. Plato once said, "The price that men pay for not being interested in politics is to be governed by men worse than themselves." His wisdom is as true today as it was 23 centuries ago--and it is especially true for farmers.

But you are involved already. You are involved in this cooperative. You have a firm grip on its reins. You are making it work for you every day. You are the people who are proving day in and day out the greatness of this nation, and you are the farmers day in and day out who are the basis for my confidence in the future of agriculture.

You know, I am just as proud to be a patriot as I am to be a Noble County farm boy--and there is some connection.

Somehow, I have a deepdown feeling that the degree of good, old-fashioned patriotism that we have among people of rural America is a notch or two higher than among people in "downtown America". There are too many people in our country today who have lost those virtues of patriotism, of industry, of integrity, of production. There are too many people who don't know that if you want more you must produce more. I think rural people understand that. The Congress could pass a law tomorrow that would guarantee every American a free loaf of bread every day--and sometimes I think they are about to pass such a law. But that law wouldn't amount to a cuss unless somebody between now and six tomorrow morning baked 200 million loaves of bread, and only men who work do that and not those who sit on their duff waiting for a nice handout.

I learned about farming here in Noble County, and about hardship, and hard work. I learned about patriotism in Noble County, and you made me believe in it. I learned about cooperatives and working together here in Noble County, and I developed an abiding confidence in what can be done by people. The flashing TV cameras, the whirring tape recorders, and the clattering ticker tapes may focus on Washington--but it is the farmers of Noble County and the people up and down every blacktop and backroad of this country who are the reason I have confidence in our future.



It is a real treat for me to welcome you to the Department of Agriculture. You've come from far and wide, from diverse backgrounds and situations, and you've come to Washington--with its special and magnetic excitement, its bigness, its intrigue.

Your being here reminds me of the story of Amos. Amos was a shepherd prophet who lived nearly 3,000 years ago. He tended his sheep in the barren hills east of Jerusalem. His was a life of austerity and hard work. He was honest, industrious, and high-principled.

Amos came perhaps a couple of times yearly to sell his sheep in Jerusalem, then the commercial crossroads of the eastern world. It was the city of culture, of trade, and of opulence.

On one of his trips to Jerusalem, he noted the decline of morality, the rise of crime, and the growing disrespect for work. Seeing all of this, Amos wrote: "Woe unto those who are at ease in Zion."

Too many Americans today are "at ease". They have grown soft and indifferent in the lap of our affluent society. They have become intellectually and physically lazy. They are unconcerned about the breakdown in law and order.

Too many seek the soft comforts of affluence. Too many seek leisure--not production; extravagance--not thrift; personal indulgence--not personal sacrifice; economic license--not economic discipline.

There are growing numbers who feel that the only Commandment which really should not be violated is the Eleventh Commandment: "Thou shalt not get caught", and that the others may be violated with immunity.

Address by Secretary of Agriculture Earl L. Butz at Opening General Assembly, National 4-H Conference, Washington, D.C., April 24, 1972, 9:00 A.M. (EST)

America was not built by men who were at ease. It was built by men who had their feet firmly on the soil and their eyes in the heavens. They believed in work. They believed in freedom. They believed in growth. They believed in the future, and they were willing to put their shoulders to the wheel to make it always better.

They knew that, if they would have more, they must produce more. They didn't subscribe to the philosophy of slowdown and strife that characterizes some groups in America today. They believed in a system of law and order under which people could plan, could venture, could achieve, and could succeed. They believed in free enterprise and the profit system. They understood the incentives for excellence inherent in this system.

Now, by your very presence here, I know that you haven't been at ease--nor are you likely to fall into that stance. Your records prove that. You have already taken up the cause of excellence. You have already been branded as leaders.

But those who are at ease are your problem. If we are going to lick it, and lick it good, it must be done by your generation, the generation of the 70's.

We have just gone through a decade in which the youth of America have spoken out fiercely about the wrongs of society, the sores of society, and the unfulfilled dreams of society. But they have been a little too much like the patriot Thomas Paine--who spoke out fiercely against tyranny--and not enough like Thomas Jefferson--who put forth his efforts in forging a new nation and making it work.

It boils down to this: Progress comes only from work, not purity of heart or ballads or sit-ins. The great progress of society has not been won by breaking windows or stopping traffic or outshouting authority. Nothing will replace work and effort and discipline and sacrifice--the things from which progress is made.

I am confident that you will succeed with righting the wrongs you seek out, the sores you strive to heal, and the unfulfilled dreams that you will be working to fulfill. I know this, first of all, because you are 4-H'ers. Instead of wringing your hands, you will reach out those hands, hands you aren't afraid to get dirty--because the jobs which most need to be done are the dirty ones: the tough ones, the unglamorous ones, the ones with consequences so great that you can't afford to approach them at ease.

You can't feed starving youngsters when you are at ease. You can't raise food or prepare a meal, bear a child or brood a family, when you are at ease. You can't perform surgery or give a blood transfusion or heal a broken mind or mend a broken soul--or extend love to a broken heart--when you are at ease. You can't even lead a march or a campaign or a crusade when you are at ease.

And you can't do the toughest task of all--influence the minds and souls, and then motivate the passions, of your contemporaries--if you are at ease. The most important thing for each of you--you who have already proven that you aren't content to remain at ease--is to provide the potent and determined leadership necessary to get the rest of your generation onto the bandwagon of life. And you can't do that at ease.

More than ever before, we need the very vital ingredient of leadership for living together. We cannot afford to assume that vital leadership for living together is a specialized calling to be left to a chosen few. It takes the deep involvement of many. Twenty-three centuries ago, Plato said: "The price that men pay for not being interested in politics is to be governed by men worse than themselves." He was talking about involvement with a purpose.

Literally millions of youth will look to you in the years ahead. Leaders who have the opportunity to fashion others into roles of leadership have on their shoulders the mantle of power--power to shape the America of tomorrow. You are those leaders. That power is yours.

You must resolve, here and now, that some modern Prophet Amos will not one day say of your generation--"While they were at ease, the American ideal that produced them dissolved in their very midst."

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We have much unfinished work to do, both you and I. There are signs that farmers are making progress. Net farm income is modestly higher. Average income per farm is strengthening. The decline in farm numbers has been slowed to 45,000 per year, compared with an annual loss of 136,000 farms 10 years ago and a drop of 230,000 farms 20 years ago. The sign-up in farm programs is setting records. Farmers have been given more opportunity to make their own management decisions. Farm exports have reached a record high.

But there is still much to be done:

Farm income needs to be strengthened further, so that farmers have a fair return on both their investments and their labor. It doesn't make sense that the average disposable income of farm people is still 25 percent smaller than the average income of non-farm people, especially when farmers are providing an average of more than \$100,000 in capital assets per farm.

We need to fight to get permanent and sensible solutions to tie-ups in transportation that rob farmers of markets at harvest time. We should never again allow farmers to suffer a billion-dollar loss in income, as they did in the 1970-71 dock strike.

We must work harder to get fair treatment of U.S. farm exports in Western European markets -- and continue to work diligently to open further trade with Eastern European markets, building on the grain sale that was made to Russia last fall.

Address of Secretary of Agriculture Earl L. Butz before the spring meeting of the Newspaper Farm Editors of America, Washington, D. C., National Press Club, April 24, 1972, 7:00 P.M., EST.

We must continue to ease down the inflationary rises in costs that hit farmers doubly hard by cutting farm net incomes and by raising farm family living costs.

We must continue to build the right kind of rural development programs--innovative programs that will bring more of the nation's economic growth to the rural countryside; sound programs that will encourage local investment and create permanent jobs; and sensible programs that will strengthen the farm economy and allow more farmers to find opportunities for financial success and a good living on the land.

And with a changing farm market mechanism where fewer farm prices are determined in competitive central markets and more farm prices are determined in advance contracts with processors, we must provide farmers with a seat of equal strength and equal dignity at the bargaining table.

There is a tremendous amount of work ahead. There is plenty for you and for me--and for farmers and their organizations. I hope that we can continue to tackle these opportunities together.

At a time when only one American out of 21 is a farmer, there may be those who think that the role of the farmer and the role of the newspaper farm editor are diminishing. Nothing could be farther from the truth. The fact that so few farmers can feed so many--and so well--at such a reduced portion of consumers' income--is the greatest economic success story in today's world. The productivity of the American farmer is a modern miracle; it is the envy of other nations, friend and foe alike; and it is a vital ingredient in the success and affluence of this country, which no other land, and no other people, can match.

And agriculture will be even more vital in the years ahead.

Farming will be even more important to the economy when the livelihood of an additional 50 to 100 million people will depend on the productive genius of so few farmers to provide food and raw materials.

Agriculture's productivity per man hour, which is increasing at twice the rate of manufacturing industries, will become even more vital to anti-inflation measures where food and food prices are such an emotional issue.

Agriculture will continue to become more essential to the strength of the dollar as record U.S. farm exports contribute a favorable balance of trade at a time when our international monetary strength is weakened.

U.S. agriculture will become even more meaningful to international peace as the world-wide struggle for food intensifies in lands where people are increasing faster than the food supply. At a time when the quest for food will mean so much to the tranquility and internal stability of nations, we own the world's largest food producing capacity--measured in land, in climate, in farming know-how, in research, and in an information delivery service.

Rural areas will contribute even more to our national well-being as national economic growth rebounds from the centers of compacted population. This compaction has squeezed 75 percent of our population onto less than 2 percent of our land in a kind of living which violates the environment, breeds discontent, stifles pride, deteriorates society, and hampers economic production. You and I will see this nation turn to rural areas for elbow room, open space, clear air, clean water, beauty, tranquility and security.

As these things happen, the responsibilities of newspaper farm editors will increase. Not only will it be important to communicate with the fewer than 5 percent who are farmers--to communicate with them about new farming discoveries, new management techniques and new marketing methods--but you will have a growing responsibility to communicate with the more than 95 percent non-farmers so that they can have a better understanding of agriculture.

In our democratic society of rule by the majority, an enlightened society will make the right decisions; but a disinterested and misinformed society will often make the wrong decisions. With agriculture occupying an even more vital place in tomorrow's society, the need for enlightened information about farmers among the non-farm majority will become even more important. Without that understanding, the majority may stumble into national policies that will be detrimental to farmers, to the land and to the nation.

I wish to congratulate you for what you have done for public understanding these last few months. You have helped awaken the nation to the fact that there are farmers out there beyond the city limits. Millions have rediscovered that there are farm people behind their food supply; that these farm people are performing a remarkable job of productivity; that these farm people are underpaid; that these farm people have problems; but that these farm people are responsible for the nation having a plentiful supply of wholesome, nutritious food for a smaller and smaller part of its take-home pay.

What a job you have been doing! When the nation's dock workers walked out and stayed off the job, you helped awaken the nation to the tremendous damage that this was doing to farm prices and farm income right at the peak of harvest when crops needed to move. That same public awareness, which could quickly be transformed into legislative action, has kept longshoremen union leaders from calling another strike after the Pay Board disallowed some of the big wage increase that union leaders demanded.

When restraints were placed on price increases under the Administration's inflation control program, you helped tell why raw agricultural products were exempt. You pointed out that farm prices were well in line; and that farm prices and farm productivity had been a restraining influence on the cost of living for years.

When a food chain advertised that prices of meat from its suppliers had skyrocketed, you helped tell the truth--that farm and wholesale meat prices had been declining for a month; and that at the time the advertisement ran, Iowa beef carcasses were \$1 per hundred less than last August when wage and price restraints went into effect.

When some people pointed an accusing finger at farmers and called for price controls on farm products, you helped point out that in the last 20 years farm prices had increased only 6 percent, while wholesale prices were moving up 20 percent and retail prices rising 43 percent. You showed that the farmer's share of the food dollar had decreased from 49 cents to 38 cents and that the increases in the price of food were in the 62 cents that were collected from the farm gate to the consumer's table. You pointed out that farm prices are highly seasonal and cyclical; that the best way to ensure adequate food is to offer an opportunity to make some money raising it; and that price controls on raw agricultural products inevitably lead to rationing.

You have performed a real service for your readers, for farmers and for the nation.

Anyone who reads the farm press can't help but be impressed with the philosophy with which you approach your opportunities. Often the general daily news menu leans to a selection of accidents, deaths, murders, political attacks, embezzlements, pay-offs, threats, crime, and a heavy dose of the sensational and seamy side of life. With that fare, it is as refreshing as a spring breeze to read your copy--which is usually based on a farmer experience of someone who is doing something better; a farm boy or girl winning an award for excellence; a meeting designed to help farmers increase their income or make their work easier; a new farming technique; market news; or an equally helpful approach.

Congratulations for the work you do; for the excellence that you bring to your performance; for the integrity that is your trade-mark; for the fairness that is your standard; and the satisfaction that must be yours.

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Director
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Mrs. Davis
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John A. Davis

Everybody needs a little inspiration now and then. Sometimes it comes in the form of a Horatio Alger story of success against great odds. Other times it's a moving passage of scripture. It can be a time-worn inscription on a hero's monument, or a child's love and untarnished honesty. Sometimes you go looking for inspiration; other times you find it right at home.

For me, as the Secretary of Agriculture, there is nothing any more inspiring than coming into a State where farmers have faced the toughest of problems, thought through them, stood tall, worked hard, and mastered those problems. You people in New Jersey are that kind of inspiration to me; and you can find inspiration right at home.

You have had it tougher than most farmers today. You are on a new kind of frontier. You are not farming on the edge of the wilderness, as the pioneers of old. You are farming on the edge of the urban sprawl. And it has its problems, as anyone farming in this most densely populated of our States knows full well. Your neighbor is urban America, and it is looking over your backyard fence to see what you are doing--even to smell what you are doing.

You produce our most perishable commodities. The products of your farms probably pass through fewer hands--and certainly through fewer processes--than most. You're just a paper sack or a plastic bag away from consumers in many cases. You've got one of the most labor intensive agricultures in our great nation at a time when farm labor problems are most critical.

Address by Secretary of Agriculture Earl L. Butz at the Annual Meeting of the New Jersey Agricultural Society, Trenton, New Jersey, May 3, 1972, 7:00 P.M. EDT

You've got more pests to worry about than most farmers--and more people to worry about how you take care of those pests. Lots of people are eager to do your zoning for you and to enjoy your fresh air and green open spaces. And anybody going anywhere or shipping anything seems to take a route through New Jersey.

But you have tackled your problems--and you've maintained a proud and thriving agriculture in the midst of circumstances which would have sent lesser people "to the mattresses"--to borrow a term from "The Godfather", because that's what those rascals did when the going got a little tough.

You've been a great inspiration because, instead of fretting your souls and wringing your hands and looking for the courage to defend your position as a mistreated minority, you've chosen to develop a respected position as a strong, vital industry.

You have a record to be proud of because you've been promoting and developing agriculture for a long, long time. This great agricultural society--as the first of its kind--exemplifies your heritage of innovation and action. You had a lot to do with passing the referendum to tax farm land on the basis of its use--a real accomplishment. The Gallup poll you had conducted a couple of years ago--to determine scientifically and objectively what city people thought of farmers--turned out striking results which have been noted all across the country. You discovered that people already think well of farmers--sometimes a little better, in fact, than farmers do of themselves. You found out that you need not waste your time and money in trying to make people love you. They already do. And instead--you have put your energy into giving New Jersey agriculture continued reason to merit a growing public respect and a healthy self respect.

And you have implemented your philosophy of development-instead-of-defense with a sound program. Mrs. Lynne Henry's appointment as Coordinator of Agricultural Development says to the world that New Jersey Agriculture intends to survive, and to thrive.

You are a great inspiration to me because you are approaching the problems of New Jersey Agriculture the way I believe a Secretary of Agriculture should approach the job of being farmers' hired hand on the Potomac. Farmers don't want a Secretary who waits to speak an apologetic word of defense now and then when a political opportunist or candidate calls the farmer on the carpet.

I'm ready to defend the American farmer--anywhere, anytime, against any odds, and against anybody. But when President Nixon told me he wanted a vocal spokesman on behalf of farmers, and when I agreed to be just that, we weren't thinking only about defending farmers. We were talking about speaking out, aggressively, to develop every bit of the great potential ahead for farmers. And you folks here in New Jersey--by setting such a grand example--understand exactly what I mean. You are putting your energies into developing agriculture, rather than just defending it--and that's what I hope to do.

First: We're developing public understanding of the farmer's role in feeding this nation--rather than just defending your right to farm.

That's what all the furor over food prices has really been about. And, because we've worked together at developing a better understanding of your vital role in society, we're winning this battle.

We knew we were in a strong position from the start. Some people thought maybe I fired a little too quickly in the food price controversy. But you can shoot in rapid-fire fashion when you're right and have the facts and are not hiding anything. I welcomed the public hearings on food costs that the Price Commission held in April. If farmers had been to blame for what happened to retail food prices, I might have run for cover. But you weren't to blame. So, I stood up and told the truth about farmers and about your productivity per man hour--that it is 3.3 times greater than it was 20 years ago and that the rate of growth in farm productivity per man hour is twice that of manufacturing industries. That's anti-inflationary.

I let the Nation know that, between 1951 and 1971, while farmers' prices for food went up a magnificent total of 6 percent in 20 years, the Nation's wage rates went up an average of more than 6 per cent every year, for a total increase of 130 percent through all those years. Farmers weren't responsible for higher food costs.

I pointed out that consumers are eating nearly twice as much beef as 20 years ago--115 pounds per person each year compared with 56 pounds--and that this increase came in open competition, without price support, and that cattle prices today are below what they were 20 years ago. And twenty years ago, people were spending 23% of their income for food--now it's less than 16%. Farmers were ringing up a remarkable record of production which made food plentiful and helped make it a bargain.

With this kind of facts going for you--facts you have recorded with sweat and perseverance--we didn't have to take to the mattresses in the food price controversy. We told it like it was--and we developed public understanding. As a result, New Jersey farmers can stand taller today.

Second: We're developing farmers' markets so you can earn a fair return--rather than just defending your right to a decent income.

The Agricultural Act of 1970 was designed to complement programs to develop markets in all commodities. We all know that the domestic market will grow no faster than our consumer appetites and population. But there is an even greater potential for market development abroad, and we're building those markets.

We have turned a downtrend in farm exports into a marked uptrend--and we have shattered all farm export records in 1970 and 1971. We have opened new channels of trade, and we have eliminated shipping regulations which restricted trade. Last December the private trade responded by selling nearly three million tons of feed grains to the Soviet Union. As you know, I just returned from a trip to the Soviet Union--my mission was to set the stage for developing further trade in your behalf.

It was an historic trip--one you folks from New Jersey, with your memories of President Johnson's 1967 meeting with Soviet Premier Aleksei Kosygin at Glasboro, will especially appreciate. I was invited to Russia to represent farmers and to talk about selling grain. The mission was considered so important that while there Soviet General Secretary Leonid Brezhnev invited me to meet with him--the first American representative to do so since he became General Secretary in 1964. And, our main item of discussion was trading for United States grain. I wasn't defending anything or anybody. I was there developing markets for American farmers.

And I am confident that markets will develop. I can sum it up briefly: The Russian people's food expectations are rising. They're doing better and they want to live better. Living better means eating better. Eating better means they want more meat and excitement in their diet. And, the Soviet government has promised the Russian people that they will have more meat.

It takes feed grain and protein to produce meat efficiently. Russia is short on grain and protein producing capacity--and her weather this year has been such that these crops may be quite short. As Mr. Brezhnev said--"Neither the Communist God nor the Capitalist God can grow wheat without rain!" Thus, Russia may well be in the market for feed grains and protein.

We have the feed grains--and the Russians know that we have them. We have the soybeans--and they know that we have them. So--we've got what they want to produce meat, and they've promised their people that they'll get it. The Russians are tough--but they're also smart; they are going to find a way to buy what we have. That's why I'm confident that sometime we're going to be trading on a substantial basis. And that's what I call developing farmers' markets.

Third: We're developing farm and rural life for today and tomorrow--rather than just defending how great it used to be.

You and I both know that the best guarantee of thriving farm communities and good rural living is to develop adequate means for farmers to earn an adequate living. And the next greatest need is to maintain ample employment opportunities for farm and rural families. We're dedicated to doing both.

You understand what I'm talking about--that's why you've been so successful in expanding ornamental horticulture, fruits and vegetables, and horse breeding here in New Jersey. You didn't try to change people's minds--or defend the way you wanted to do things. You looked people's needs and desires squarely in the eye and you made them a money-making proposition for New Jersey Agriculture.

Others can learn from your success. We've embarked on the most aggressive program of real rural development that this country has ever known--and it's oriented, first, toward making farming more profitable. We've got to start there.

The family farm is a lot more than a family living on a farmstead--with clean air and cow manure, hollyhocks and jimsonweed, a windmill and a winding creek, and a brood of baby chicks. A family farm is a farm operation on which a farm family can work together to earn a good living--and live a good life. So we've got to start by making farming a good way to make a living.

And we're making progress in accomplishing that kind of rural development. Average annual net income per farm for this year and the last three will run 40% higher than the average for 1961 through 1968. Net income needs much more improvement--but we're making progress. Farmers are expressing their optimism in this kind of rural development by staying on the farm. Fewer farmers are leaving. The annual decline in the number of farms the last three years is less than half of the annual decline during the previous 8 years. That's progress and that's real development, but we want to do better.

And we're doing everything we can to develop more jobs for rural people, better housing, cleaner water, better schools, better medical service--all to develop rural America as a better place to live.

Fourth: We're developing standards for wise use of farm resources and technology--rather than just defending your right to use them.

Farmers were the first ecologists. We were working hard at conservation long before many of the latter-day environmental crusaders realized they could make demagogue hay out of the issue.

We could--and have on occasion I guess--easily defend farmers' wise understanding of environmental protection, the fact that pesticides eliminate worms in apples so folks won't have to eat the worms, and the fact that fertilizers mean we can feed all of our people and more, with the best food and for the smallest percentage of take home pay anywhere.

But because we're naturally ecologists, we've taken the positive approach. We've taken the lead in developing reasoned solutions to farm environment problems. We are sitting down with professionals and scientists of all kinds and are working with all concerned to develop safe standards for pesticide use and reasonable standards for fertilizer application. Here again, we don't have to be on the defensive. Just because most people are so young that they can't remember ever biting into a wormy apple doesn't mean they can't understand what is necessary to keep those worms away. I believe the public will make wise decisions when they have the facts--and we can keep taking the facts to them. That's developing understanding.

Fifth: We're developing leadership to keep agriculture strong--rather than just defending our mighty past.

There is only one way to maintain an atmosphere of development instead of digging a foxhole of defense--that's to have leadership. New Jersey Agriculture hasn't mastered its problems with magic or by stumbling into solutions. Farm leaders in New Jersey have taken the bull by the horns--and you've wrestled him with hard work and you have brought him down.

American agriculture is great mainly because of one thing--strong, potent, dedicated leadership. I'm dedicated to helping develop that rural leadership.

You--as the most important agricultural people in this State--have a critical role. It's up to you to make sure that leadership here in New Jersey continues to come on--young men and women who will guide Agriculture next year and 10, 20, 30 years ahead.

By your very nature and as a result of your present positions, you have the opportunity to fashion others into roles of leadership. You have on your shoulders the mantle of power--the power to shape the kind of leadership we must develop.

Sixth: I am personally dedicated to developing every reason for you to be proud farmers and leaders in agriculture--instead of just defending your goodness and hard work.

Let me tell you, we've got a lot to be proud of. You've got a lot to be proud of. As farmers, as leaders in Agriculture, you don't have to take a back seat to anybody. Nobody works harder, nobody has sacrificed more, no one demands less, and no one is as badly needed--as you are.

I don't forget that I'm your hired hand. I intend to stand tall as your hired man. I don't intend to have to apologize for you or be ashamed of you. I intend to be a winner--and the only way I can do that is for you to win. And you are winning.

Well, I came here to get inspired--and I am inspired. I thank you for that. Now--it's time to get back to Washington and tend to the chores on your behalf.

For A.M. Release, May 4, 1972

Asst. Dir. NAL
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THE FUTURE BELONGS TO THOSE WHO PREPARE FOR IT

Individually and collectively, you who make up today's student population represent a tremendous investment--an investment in the entire future of our Nation and our society. Your parents and many, many others of my generation have enough confidence in you and your potential that our money investment in your education is by far the greatest of any country on earth.

It is generally acknowledged that an outlay of from \$8,000 to \$10,000 is required to bring the average young person through the 12 grades to the end of high school. It takes about \$1,000 a year more to finance a college education. Thus by the time a young man or woman has finished college, he or she will represent a total investment of from \$12,000 to \$14,000. This is the public expenditure, paid in tuition and taxes. On top of that there are the costs of just living--the food, clothes, transportation, and social costs are extra.

Multiply that \$12,000 to \$14,000 by the 7 or 8 million young folks on our campuses today, and you begin to get some idea of the huge size of the investment, in volume of dollars, being made in education by this country. Not millions, but billions on billions of dollars.

Right now those dollars are paying for nonproductive activity. Nonproductive, that is, in the sense that most of you are not yet making tangible contributions to the gross national product, the base on which our Nation exists. You are engaged in what some might view as the sterile business of classes, lectures, and studying for your next exams.

Address by Secretary of Agriculture Earl L. Butz, Alf Landon Lecture Series, Kansas State University, Manhattan, Kansas, May 4, 1972, 10:30 A.M. CST

Yet education is the most profitable investment we can make.

We who are concerned about America's future have no doubts as to the importance of this investment. I don't begrudge a nickel of what I spend via taxes or otherwise to help meet the educational bill, provided I get a return. A return in your increased productive capacity, in productive services after you graduate, in your ability to help move this Nation forward for the greatest possible good for the greatest possible number of people.

We put out our money gladly because you are the stuff of the future. You are the future. The future will be what you make it. The future will be determined largely by how you discipline your minds and develop your mental abilities. Our greatest treasure is the creative power of the mind in a free society to improve the lot of man.

On the bank of the Potomac near the Department of Agriculture stands the noble Jefferson Memorial. Engraved in the marble around its rotunda are the inspiring words of that scientist-statesman who was one of our greatest Presidents: "I have sworn upon the altar of God, eternal hostility against every form of tyranny over the mind of man."

Tom Jefferson was not speaking of the tyranny of despots, but of the tyranny of ignorance, prejudice, superstition, and half truth. He was saying that there is no limit to what we can achieve as long as we fight to keep our minds open and active, to cross new horizons of awareness and knowledge, and to maximize our ability to discover, innovate, and advance.

As we consider the potentials of our priceless resources of the mind, we realize that most people--except for the handicapped--may be grouped in three general categories.

There are leaders, laborers, and loafers.

At one time or another, each of you may be classified in each of those categories. The important question is, where will you be classed most of the time in the years ahead?

Category No. 1--leaders--is very thinly populated. Just look around your home community and name in your own mind the people whom you consider to be true leaders--the pace setters, the motivators. You'll probably run out of names before you run out of fingers. You can be leaders--you have youth, health, education, and the future.

If you do qualify as a leader, you will be in a rather unique and exclusive group. The rest will labor or loaf, or both. Let me emphasize that there's nothing wrong with being a laborer. We cannot have all chiefs in the tribe. If you prefer to be a worker, that's entirely honorable, and you will be needed and respected. And the chances are you'll sleep better.

Without laborers--physical or mental workers--and without the production of food, clothing, shelter, and all the other necessities and luxuries of life, we simply can't exist.

The harder we work, either physically or mentally, the greater our need becomes to rest so as to restore our energies. That's natural, and it's good. It's when we drift over the line from resting to plain goofing off that we create tragic waste.

The essential difference that marks the leader is that he does not mentally loaf. But the loafers--who often include people with brilliant minds--are a dead drag on our intellectual resources. Most physical laborers--those who man the lathes and production lines--have a measurable output that drops off when they loaf. Mental loafing--the kind you do when you day-dream in the library, for instance--is insidious because it goes undetected. It wastes our most precious asset--our mental capacities.

Once I heard a research M.D. tell a seminar that the ordinary human body produces energy equivalent to the amount of electricity burned by a 50-watt bulb. At today's rates the energy output of the body is worth less than one cent an hour. Our value is from the shoulders up; the main purpose of what we have from the shoulders down is to carry what we have above the shoulders.

The intellectual world is where our challenges are.

Whether you are going into agriculture, electronics, merchandising, or whatever field of endeavor you wish to name, you will enter a field of fast-moving change. We can't have progress without change--and progressive leaders are those who are out ahead. The big question is, can we as a people--and can you as the managers of the future--keep up with the rapid and bewildering changes that are taking place?

The generation of adults of which I am a part represents the first generation in history faced with managing a culture different from the one originally transmitted to them--just think of the scientific explosion in America, the transformations that have occurred in Russia and China and India in my life span--mankind's giant steps in communications and transportation and technology.

Geographical frontiers of this world have vanished--and now the challenging frontier is the frontier of the mind, a frontier without limit which has just begun to be explored. The time span in drastic cultural change has been telescoped into a single generation, and you are just at the threshold of greater things to come.

It has been estimated that we will experience a 100 percent increase in knowledge in the next eight to 12 years, and another 100 percent increase in the decade following that. We have discovered more new technical knowledge in my lifetime than existed when I was born not too many years ago. Half of the technical information possessed by today's college graduate will be obsolete in 10 years. Think of that a moment. Half of what today's college graduate must know to be successful 10 years from now has not even been discovered yet! It will be more true this June than ever before that a diploma really means commencement.

Agriculture will demand our best professional leadership.

We are going through a significant period of transition for agriculture. Like all other professions and vocations, farming is going to require more expertise, more knowledge, more professional leadership. In the last four decades a technological revolution has swept our farmlands, with the replacement of manpower and animal power by machines, and with hybridization of plants that has vastly increased our per acreage yields of wheat and feed grain. And now we are engaged in the giant task of gearing farm production to the realities of market demands, here at home and abroad.

We are achieving progress, but we must battle with Mother Nature, to unlock more of her secrets and to adapt more of her assets to mankind's benefit. But she is a niggardly old girl. She holds her secrets close to her chest. She gives them up reluctantly.

We are always trying to turn another leaf in her book, to discover the secrets on the inner page so we can put them to our uses. Each time we manage to turn a page, she holds the next page tighter and tighter. It becomes harder and harder to turn it over.

But we're going to turn it over--we've got to turn it over--because with millions more people in this country during the years ahead, and with population growth occurring throughout the world, there will be twice as many people on this earth by the end of this century. If the 6 billion plus people in the world, predicted by the year 2000, are to be sustained--with no improvement in diet whatever--we will need to develop the capacity to feed another 3 billion. This must be done in less than 30 years. It means that we must duplicate in the next generation the production record that man has achieved since the dawn of history.

This is an awesome task--almost frightening, to some. But as we develop our capacities for leadership and for productive labor, and as we fight the dangers of mental loafing, problems of that magnitude can be overcome--whether in agriculture or in any other field of endeavor.

The most important challenge of all is living together harmoniously, getting along together as individuals and as nations.

A number of years ago a friend of mine wrote a book, describing the two great volumes that people have been trying to write since the beginning of civilization. One of these volumes--a successful masterpiece, even though it is still being written--he called the "Book of Nature." It has seven magnificent chapters--mathematics, astronomy, geology, chemistry, physics, physiology, and psychology.

The second volume he called the "Book of Man"--a sorry account of man's cruelty to man all through history. Its chapters are written in blood--and what a condemnation those bloody chapters make of our dismal record.

When I speak of the challenges of the frontier of the mind--the challenges you face, the problems that will be yours to cope with--I am trying to emphasize the world's crying need for leaders who will conquer this greatest challenge of all. And I call for your support of President Nixon's current endeavors, in his opening up direct contacts with the People's Republic of China and his coming consultations with leaders of the Soviet Union,--his endeavors to help write a final, triumphant chapter in the "Book of Man."

Government--the business of living together--will demand the best leadership we can get.

During my recent visit to Russia, I was impressed that the Soviets also recognize the need for leadership and understand how it is developed. On many a classroom wall in Russia you will see a slogan created by Stalin--"Leadership--Study, Study, and Yet Study!"

In this free society of ours, we need every young man and woman of ability to get involved--actively involved--in this business of living together. Its name is government; and the skills of good government come from the art of politics.

I urge you to cast aside the feeling that so many have that there's something dishonorable about politics. Not so! Government is the biggest business of our land. This very year, government at all levels--Federal, State, local, and our share of international commitments--will take 34 percent of our gross national product. That means that all of us together will decide how each of us will spend one dollar in three this year--and the trend line is up--it is going to get higher.

Therefore I want the best brains, the best imaginations, the best talents and energies, working in politics and in government. I appeal to each of you to take a real look at this matter of living together and governing ourselves more ably, starting in your own neighborhoods and communities. Get active in politics, with the political party of your choice. Work on campaigns and issues. Do more than just casting your votes. And always put your accent on the positive.

We must work for a free society and a better society.

There are no short cuts for making our dreams for a more comfortable, happier, and more satisfying world come true. Too many people have lost sight of the virtues that count--industry, integrity, patriotism, work, and production.

If you would have more, you must produce more. Rural people understand that. Every day of farm life teaches that there's no short cut to producing a couple hundred pounds of meat on a hog or 125 bushels of corn from an acre. The same holds true of the beef, bread and milk you buy at the supermarket, or the clothing you wear, the cars you drive, the TV's you watch, or the homes you live in.

Congress could pass a bill tomorrow to give every person in the land a loaf of bread. But in order for that to be possible, a lot of workers would have to mill the wheat, do the baking, and handle the distribution of 208 million loaves of bread. Only those who work do that--not those who expect more for less.

It's beyond the power of Congress to provide Medicare for me when I become eligible. When the time comes for me to have the benefits of Medicare, somebody has to build the clinical facilities, somebody has to manufacture the medicines, somebody will have to do the doctoring and nursing. Only men and women who work do that--not the loafers who expect more for less.

When we sing of "America the Beautiful" and "The Land of the Free," we need to remind ourselves of the companion phrase, "The Home of the Brave." The benefits of the land of the free cannot be achieved without the responsibilities of the home of the brave. The two go together.

As one fairly highly placed in Government, I have great confidence in you, in what you have to offer, in the leadership you can provide. It reassures me to believe you have what it takes.

When I face an audience such as this--typical in many ways of the great melting pot of America, made up of people from different ethnic, geographic, and religious origins, I see you not as Northerners, or Southerners, or men or women, but as Americans.

And as I consider our Nation's greatness of achievement, and its greatness of potential, I find a special connotation in the word AMERICAN. I have traveled through 30 countries with as many different languages, and in no land or language have I found an analogy like that.

Because if you break down the word AMERICAN, the last four letters of the word spell the two words--I CAN. It is the I CAN spirit that has made us what we are, and gives us unlimited power for the future.

My challenge to you is that each of you throw back your shoulders as you start the day, lift up your head, and resolve--

Today I will do all the good I CAN

In as many places as I CAN

In as many ways as I CAN

For as many people as I CAN

As long as I CAN

When you have resolved that down deep in your heart, you will have merited the right proudly to wear the title--Amer I CAN.

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Director
National Agricultural
Library
Beltsville, Md.

GEARING FARM OUTPUT TO MARKET OPPORTUNITIES

In speaking out in behalf of farmers to many people throughout the country--before farm audiences, over radio and TV, and in the press--I have been trying to call the Nation's attention to the fact that an agricultural turn-around is taking place. A turn-around in farmers' income prospects, a turn-around in sales of farm commodities, and a turn-around in market-oriented farm production.

The effort we are making to work down inventories and to gear farm output to the opportunities of expanding markets is a cardinal principle of the Nixon Administration's policy--a principle written into the Agricultural Act of 1970 and now being applied to all commodity programs.

We are encouraged with the results that we can see in the making. Healthy shifts in cropping patterns are taking place. Enrollment of farms and acreage in the major programs--wheat, feed grains, and cotton--is the highest on record. And solid gains are being made in the all-important area of improved farm income.

It makes sense for farmers to target their output at real markets.

If anybody seeks proof of that statement, the Florida citrus industry can furnish plenty of it. Without Federal interference or market guarantees, Florida citrus producers have been setting the pace for years. You have demonstrated in spectacular fashion what market-oriented production really means. You have shown what cooperative effort in developing markets can do.

Address by Secretary of Agriculture Earl L. Butz before the Florida
Citrus Commission, Bradenton, Florida, May 9, 1972, 12:30 P.M. EDT

There's one special page in your book that holds much of the secret of your success--a page that other commodity segments of the agricultural community would do well to follow, section and line. I refer to your finesse in the art of consumer relations.

By consumer relations I mean the whole scope of your marketing push--your innovative promotional techniques, in-store contests, the Florida Citrus Open, Anita Bryant brightening up television and radio with her personality--the ability to remind countless Americans that a day without orange juice is like a day without sunshine.

Promoting good nutrition promotes successful agriculture.

Above all, you are accenting the positive by emphasizing the outstanding nutritional value of Florida citrus products. For this I commend you. After all, good nutrition is what we in the Department of Agriculture are also promoting. I am gratified that over many years our home economists and dietary researchers have collaborated fruitfully with you.

In the inaugural issue of Nutrition Today magazine, your chairman pointed out that the first step in promoting national health is "seeing to it that every person is well and properly nourished." Your efforts to move your products support that sound doctrine. Your advertising puts the focus on good health. Your educational programs that you conduct with the children of this country highlight nutrition. You have established and maintain good contacts with physicians, dieticians, nutritionists, and home economists. Through all this you are conveying the message that you are selling something more than citrus products, but that which we treasure the most--good health itself.

You can back up your claims of offering a healthful, nutritious product. A good part of the reason you can do so is because through the years you have upheld and upgraded high product quality standards. American consumers have seen and tasted the improved quality of your fresh fruit, fresh juices, concentrates, and frozen concentrates. Many of the advances stemmed from your quality control and research programs at Lake Alfred, in a number of which the Department of Agriculture has participated.

At this time when certain people are sniping at higher food prices, I am trying to make the public aware of not only the productivity accomplishments but also the tremendous quality achievements of American farmers. Leaner pork, more tender beef, higher-protein grains, plumper poultry--no more hunchbacks because bovine tuberculosis has been virtually eliminated--values such as these come with the food consumers buy today.

When people gain affluence, as has happened in the United States and is beginning to happen in many other countries, they demand food that is healthier, of better quality, and of greater variety. And farmers have to look to what consumers want--this is what "market-oriented production" really means. Increasingly, as time goes on, those farm producers who tailor their production to consumers' preferences will be the ones to reap the best rewards of profit and success.

To attempt to provide farmers a guaranteed market would stymie agricultural progress.

In spite of criticism, and in spite of the outcries when food prices move up now and then, our agricultural marketing system is the best that has ever evolved. More so than is the case with most industries, it is keyed to price changes to regulate supply and demand. Consumers have a choice--a wider range of choice in the United States than in any other country that I know of.

Efforts to rigidify farm prices--either as a possible boon to consumers or as a means of assuring farmers a guaranteed market--would be self-defeating. Even though it may have deficiencies, our marketing mechanism works. An open, competitive market is the only feasible device I know of for moving farm products that are perishable and seasonally cyclical in nature.

I will resist any move to put a lid on the prices farmers receive. Not only because farm prices have risen very little over the past decades while the prices of nearly everything else you can think of--including the price of labor--have doubled and tripled. Not only because farm people on the average receive 25 percent less income than nonfarm people. Not only because the farmers' share of the consumer food dollar has declined over the years. But also because any attempt to fix farm price ceilings would throw the worst kind of monkeywrench in the whole agricultural marketing mechanism. The inevitable result would be confusion, dislocation, inefficiencies, inequities--and eventual shortages.

The record of agriculture proves that increasing productivity per man hour is the answer to inflation. Farm productivity and competition that opens markets give the Nation assurance of continuing, ample food supplies. In your own industry's battle with competing juices and beverages, you are proving that point. It is the kind of competitive effort you are making that enables American consumers to buy food for a smaller portion of their income than anywhere else on earth.

Instead of seeing agriculture held down, we want agriculture to expand.

Your aggressive marketing, coupled with improved technology and managerial skills in the groves and processing plants, has enabled you to more than double your business in the past 10 years. Soon--perhaps this coming year--you will hit a new mark by harvesting and marketing a 200-million-box orange crop.

And as producers of other commodities are doing, you are unlocking new markets outside the United States. From a start five years ago, when less than one-half of 1 percent of your production was moving to Europe, sales of all Florida citrus juices to European consumers are now up to about 7 percent of your total production and I am told that a 10 percent mark is in sight.

The three-party program, in which your Commission, the Foreign Agricultural Service, and the European distributors each share a third of the promotional costs, is paying off.

We hope that similar arrangements will help increase your sales to Japan and Italy, two countries where Florida grapefruit are especially popular. At the moment, the Foreign Agricultural Service and Florida Department of Citrus are working on a 50-50 basis to develop grapefruit sales in Japan, following Japan's lifting of import restrictions last summer. You moved fast to take advantage of the opportunities we opened up for you-- your participation in the Tokyo Trade Center food show last December was an example.

In this first year of U.S. grapefruit exports to Japan, sales are expected to total close to \$10 million dollars--and a good half of that amount will represent sales of Florida fruit. The prospects appear encouraging for similar grapefruit developments in Italy.

Instead of just defending farmers' right to a decent income, we mean to develop more markets.

As the economies of overseas countries gain strength and as people demand and can afford better diets, exports are bound to become the most promising growth area for American agriculture. We are working hard to negotiate favorable trade concessions and win greater access to foreign markets, as we have been doing with Florida citrus products.

The downtrend that was occurring in farm exports when President Nixon took office has been reversed--this is an aspect of the "turn-around" that I spoke of--and in 1970 and again in 1971 all export sales records were smashed.

My recent mission to Russia was another step in the President's determined program to develop expanding overseas markets for U.S. farmers. I had a lengthy private conversation with Secretary Brezhnev. Our main item of discussion was trading for United States grain.

Russia is short on grain and protein producing capacity. The Russian people's food expectations are rising--they want more meat in their diet, and the Soviet Government has told them they will have more meat. We have the feed grains and soybeans they need for meat production. The Russians are tough, but they're also smart. I think they will find a way to buy what we have, provided some difficult questions of long-term payments and credit can be worked out.

We can all help agriculture and the entire Nation move forward.

In certain respects my visit to Russia was preliminary to the historic journey that the President plans to make to Moscow this month. No one can begin to estimate the far-flung and long-range implications of his mission, aimed as it will be toward improving the atmosphere of relationships among the great nations of the world.

On the home front, the task that faces all of us is the battle to conquer inflation and get our economic machine back on the right track.

It is a task that we must accomplish in spite of the obstructionist tactics of arrogant labor chieftains. You and all the farmers of America have a special stake in resolving these problems, because trade--the free flow of goods back and forth through our ports--is directly involved.

The present and future well-being of every man, woman, and child in America is at stake in the fight against all forces that cause inflation. Every American can fight inflation with productivity, performance, and prudence. Every American can fight inflation with unselfishness and determination. Every American can fight inflation with individual statesmanship and patriotism.

Let us all resolve to do so--and carry our great Nation through to victory!

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For P.M. Release, Tuesday, May 9, 1972

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FARMERS AND POLITICS

This is a crucial moment in the history of America and the world. The gravity of the Vietnam situation--this very day--demands no less than the best of every American.

The die has been cast. We are committed. There will be no turning back from the decisive effort now being made to defuse the Vietnam conflict and bring a negotiated peace.

We are all in this thing together. If ever there was a time when an American action and an American President needed the support of citizens, that time is now and during the critical weeks ahead as the interdiction of supply lines and raids on North Vietnam's storage areas begin to wind down the invasion into South Vietnam.

As farmers or businessmen, as men or women, or as Republicans and Democrats, Americans have a right to hold differing views and make their sentiments known. There will be plenty of chance to evaluate and debate the Vietnam question before next November. Right now, what America needs is unity--without that, the marauding disciples of Ho Chi Minh may misread and miscalculate the need to negotiate for a peaceful settlement.

Therefore, I'm not going to debate the issues of Vietnam, much as I would like to. But I would like to pass on to you some personal insights.

Address by Secretary of Agriculture Earl L. Butz, Michigan Farm Luncheon, Lansing, Michigan, May 15, 1972.

I am greatly impressed by the fact, for example, that a heavy preponderance of the tanks, missiles, rocket launchers, field artillery, and anti-aircraft guns being used by the invaders are from the Soviet Union--highly sophisticated weapons appearing below the DMZ for the first time.

Now it's one thing for the United States, Russia, or any other great power to furnish allies with defensive arms. But it's an entirely different matter when those arms are put to offensive use in a deliberate invasion of neighboring territory.

I'm confident that our Russian friends understand that difference.

Above all else, there is a fundamental principle at stake in Vietnam that goes to the heart of our existence as a Nation. Our future depends on it. Indeed, the world's future depends on it.

We can afford to settle for no less than peace with honor.

By "peace with honor," the President means far more than pride, patriotic sentiment, and self-confidence--those old-fashioned virtues that some people seem to consider out-of-date these days. When the President speaks of peace with honor, he means the honor that any self-respecting person has who gives his word and pledges to keep his word. It's as simple as that.

Chamberlain's false peace of Munich was a peace without honor--as the world sadly learned, it was no peace at all.

Yesterday I saw some young folks carrying signs that said: "Why risk World War III?" The greatest risk of World War III will come whenever we cave in to aggression, North Vietnam style, wherever it may occur.

The phony peacemakers choose to ignore the treaty commitments--the words of honor--that the United States has with 44 other nations, pledges to aid their defense as best we can whenever they are set upon by an aggressor. What a shambles there would be--in fear, loss of confidence, in despair and distrust--if America were to go back on her word to any one of those nations. Who would believe us again? Who could trust us?

The pledges we have made to nations all around the world form the very structure of America's foreign policy. For our own good, for our own future, we have to make good on those pledges. Through those commitments we are trying--and we are succeeding--to build a world atmosphere of harmony, of friendship, of useful interchange of commodities, goods, and services.

Progress toward world peace means progress toward world prosperity.

The world is growing. Nations are gaining economic strength. People want more food and better things to eat, better clothes, better homes, greater living comforts. They can have all these if tensions can be reduced and trade relations are developed.

Farmers have a special stake in a peaceful, more prosperous world. Foreign sales are a big factor in the improvement taking place in farmers' incomes. Our farm exports broke all records in 1970 and 1971 and are holding up well this year. One out of every two bushels of soybeans and one out of every two bushels of wheat are sold overseas.

During my recent visit to Russia, Secretary Brezhnev emphasized his country's immediate and continuing need for American grain to boost livestock production and increase the amount of meat in the Russian people's diet. He left the impression that Russia has real interest in obtaining more farm commodities from America and building trade between our great nations.

Instead of just defending your right to a decent income, we are trying to develop markets so you can earn a fair return.

We intend to keep hammering away at opening up new markets overseas, and here at home we are bringing the Agricultural Act of 1970 to bear on major crop programs that will give farmers more freedom to run their own affairs and gear their production to market opportunities.

We are concerned about conglomerate business firms in agriculture, and are trying to find new ways to help family farmers grow and share in the upturn that's taking place in agriculture. Special marketing teams are working to help small farmers get a better price and move their products to market more efficiently. Four of these commodity teams--apples, potatoes, pork, and eggs--will be exploring marketing problems of special interest to many Michigan farmers. They are making crash studies and we hope to have their preliminary findings by the end of this summer. But the work they have started will require lots of follow-through. It will have long-term implications for strengthening agriculture in Michigan and many other States.

As a result of these and many other efforts--in which the President has backed me all along the line--things are beginning to look better for the agricultural community. Gross farm income, net farm income, average net income per farm, and average per capita income per farmer--the trends are all solidly upward. Total net income realized from farming this year is now expected to run \$17.5 billion, an all-time record.

That's encouraging--but it's not good enough. I won't be satisfied until farm people are getting incomes in returns on their labor and investment that are at least equal to the income of city people. And I won't be satisfied until country living has the comforts and advantages and income opportunities that city people enjoy.

We need leadership to keep agriculture strong.

In farming, in rural development, as in every other aspect of American business and industry, there is only one way to move forward and that's to have leadership. And where we need the best leadership of all is in the all-important business of living together. The name for that is government.

In its best sense, politics is the art of governing. Let's get rid of the notion that there's something dishonorable about politics. Not so! Government is the biggest business of our land. This year alone, government at all levels--Federal, State, local, and our share of international commitments--will take 34 percent of our Gross National Product. That means that all of us together will decide how each of us will spend one dollar in three--and the trend line is up; it is going to get higher.

I don't care whether you're Democrats or Republicans, but I do want you to help see to it that we get the best brains, the best imaginations, the best talents and energies, working in politics and in government. Do more than just vote. Get active in campaigns, work with candidates, give leadership to the party of your choice. And always put the accent on the positive.

Farm people know there are no short cuts to make our dreams come true for a happier, safer, more comfortable world. Let's never lose sight of the things that really count--industry, integrity, work, production, and patriotism.

When we sing of "America the Beautiful" and "The Land of the Free," we must constantly remind ourselves of the companion phrase, "The Home of the Brave." The benefits of the land of the free cannot be won without living up to the responsibilities of the home of the brave. The two go together.

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Your Federation's national convention comes during pivotal days of a pivotal year for the United States and the world. The gravity of the situation--this very day--demands no less than the best of every American.

My tasks as Secretary of Agriculture focus, of course, on farmers and this country's agricultural community--the 120-billion-dollar production line from farms to homes, the system that provides Americans with the most wholesome and varied abundance of food on earth plus much of the raw material needed for clothing, shelter, and industrial uses.

But uppermost among everyone's concerns today is Vietnam. The die has been cast. We are committed. There will be no turning back from the decisive effort to defuse the Vietnam conflict and bring peace.

Our top military advisors say it will be several weeks before the combination of supply interdiction and raids on North Vietnam's storage areas will begin to take full effect. We'll be in a better position then than now to evaluate the results of the President's daring decision and to debate the validity of his action.

Right now we are all in this together. If ever there was a time when an American action and an American President needed the support of every American, that time is now and during the crucial weeks immediately ahead. In this time of trial, dissension and division among our ranks may cause the marauding disciples of Ho Chi Minh to misread and miscalculate the need to negotiate in good faith.

Address by Secretary of Agriculture Earl L. Butz, American Advertising Federation Convention, Washington, D.C., May 15, 1972, 9:45 A.M. EST

Any gathering of professional communicators such as this--national advertisers, top advertising agency people, and media leadership--is bound to contain conflicting opinions. I am not going to discuss the issues, much as I would like to. There will be time for that following the critical weeks just ahead--there will be ample opportunity for debate in the months leading to November.

Therefore I shall not dwell on key aspects of our Vietnam action--the fact that to just plain quit and surrender 17 million allies to the doom of slaughter would make it impossible for most of us to live with our own consciences--the evidence that the invasion was a desperation move because the enemy realizes that time is no longer on North Vietnam's side--that by holding firm we may be able to complete our withdrawal and get our prisoners back--and that we may be able to do so with the liberty and future of the South Vietnamese people intact.

Instead, I'd like to relay some personal impressions and insights. These are matters that have not been given the attention they deserve.

I refer to the fact, for example, that the great preponderance of the tanks, rocket carriers, missiles, field artillery and anti-aircraft guns being used by the invaders are late-model arms from the Soviet Union--highly sophisticated weapons appearing below the DMZ for the first time. It's one thing for the United States, Russia, or any other great power to furnish allies with defensive arms; but it's another thing entirely when those arms are put to offensive use in a deliberate attempt to invade and overrun neighboring territory such as is now happening. I'm confident that our Russian friends understand that difference.

For another impression--while we have read a good deal about the collapse of the defenders at Quang Tri, many reports lost sight of the civilian massacres the enemy has perpetrated since the invasion began. They have given little emphasis to the fact that the defending army below the DMZ was the greenest of South Vietnam's forces. And in comparison with the Tet offensive which reached Hue despite the presence of thousands of U.S. troops, the current invasion across the DMZ has proceeded less than 30 miles and still has not achieved its goal of capturing the ancient capital city.

Above all else, there is a fundamental principle at stake in Vietnam that goes to the heart of America's very existence, for all time. Our future depends on it. Indeed, the world's future depends on it.

We can afford to settle for no less than peace with honor.

Editorials in a few newspapers which seek to label the Vietnam conflict as "Nixon's War" have once again weighed the pros and cons, they have raised questions of legality, Congressional relationships, and constitutionality--and they have again scourged the President for the course he has set. But in none of these discussions have I seen mentioned this basic imperative--peace with honor.

By "peace with honor" the President means far more than pride, patriotic sentiment, or the self-assurance which some people nowadays seem to consider old-hat and anachronistic. What he does mean is something I hope that you who hold the keys to the advertising business may appreciate and understand--and help others to understand. When he speaks of peace with honor, he means the honor that any self-respecting person has who gives his word and pledges to keep his word. It's as simple as that.

Chamberlain's false peace of Munich was a peace without honor--and as the world sadly learned, it was no peace at all.

Yesterday I saw some young people carrying signs that said: "Why risk World War III?" I wish they could understand that the greatest risk of World War III will arise any time that we cave in to aggression, North Vietnam style, wherever it may occur.

The phony peacemakers choose to ignore the treaty commitments--the words of honor--that the United States has with 44 other nations, pledges to aid their defense as best we can whenever they are set upon by an aggressor. It's impossible to conceive the damage that would result in loss of confidence, in fear, in despair and distrust, if America were to renege on South Vietnam or go back on her word to any one of those nations. Who would believe us? Who could trust us?

The pledges we have made to nations the world around form the very structure of America's foreign policy. Through those commitments we are trying--and we are succeeding--to build a world atmosphere of harmony, of friendship, of useful interchange of commodities, goods, and service. That's the kind of world where true peace can endure; and in many respects this is a pivotal year toward achieving that kind of world.

Progress toward world peace means progress toward world prosperity.

You have shared in our Nation's rising hopes as the President made his epochal journey to China. I am sure that the great majority of you, as with the great majority of all Americans, hope fervently that the President may be able to carry out his equally significant plans for meetings with the leaders and people of the Soviet Union.

The world is growing. Nations are gaining economic strength. People want more and better things to eat, better clothes to wear, better homes, greater living comforts. With fewer tensions, greater mutuality of interest and friendship, and with the dreadful misery and cost of war reduced, they can have all these.

Those whom I serve--the farmers of America--are well aware of their big stake in a peaceful, more prosperous world. In the last two years, all records for export sales of U.S. farm commodities were shattered. Today, the production from one out of every four crop acres goes to foreign markets. The most promising growth area for our expanding American agriculture is in overseas markets.

Last fall, largely through personal actions by the President, private grain exporters were able to negotiate the sale of 3 million tons of grain to Russia. During my recent visit to the Soviet Union, Secretary Brezhnev emphasized Russia's immediate and continuing need for feedstuffs in order to boost livestock production and increase people's consumption of livestock and poultry. He left the impression that Russia is definitely interested in obtaining more grain from America and developing two-way trade between our great nations.

Improved markets for U.S. farm commodities in Europe, Japan, and other overseas nations are helping brighten the prospects for the farmers of this country. Those prospects will get even better when and as we unlock new markets in the areas dominated by Moscow and Peking.

This is a turn-around year for American agriculture.

Along with the record-breaking levels of farm exports, new commodity programs and a general recovery in farm prices, together with the Phase II slowdown of farm production costs--all these factors are combining to produce the best net income year in agricultural history. The expectations are that net income realized from farming will run \$17.5 billion, up \$2 billion from last year, and a new record. Net income per farm, on the average, will also set a new record, and per capita income of farm people is similarly rising. This is good--but not good enough, because the average income level of farm people is still about 25 percent less than the income of nonfarm people.

It's progress, nevertheless--and it's healthy progress for the whole Nation, because so much of our economic activity is based on agricultural and rural foundations. This year, farmers will be spending close to \$45 billion for goods and services needed to produce crops and livestock. Annually, farm purchases include more than \$5 billion worth of tractors, motor vehicles, and equipment--just to manufacture farm hardware keeps well over 100,000 persons employed. Farming uses more petroleum than any other industry--a typical year's bill for oil, gas and lubricants far exceeds \$4 billion.

I would like to see you consider greater amounts of institutional-type advertising to help tell the public more about the facts of food production, and emphasize the interrelationships of agriculture with business and industry. It may well be, also, that through your advertising capacities you can give impetus to our efforts to inject new economic vitality into rural America. A large and growing market exists for you and the products you represent.

A highly significant trend is underway among the small farms of America--those with sales of less than \$2,500 in agricultural commodities. They constitute 40 percent of all farms in America. Ten years or so ago, in 1960, the average small farm unit in this category netted only \$850 in farm income, while its off-farm income was \$2,731, 3 times more than the income from farming. In 1965, the average small farm's income from farming was \$974 and its off-farm income amounted to \$4,646, 4.8 times the income from farming. Our latest figures, for 1970, indicate that realized net farm income for the small-sized farm averaged \$1,059, while off-farm income averaged \$7,954. The off-farm earnings were 7.5 times the income from farming. These data suggest that off-farm income is an increasingly important factor among the small farm operations.

The million and more farms that market less than \$2,500 worth of farm commodities hold \$3.5 billion worth of machinery and equipment--10 percent of the total for all agriculture. They represent a tremendous asset--they and the people who live on them will have key roles to play in our efforts to improve the environment, create new economic opportunities in rural America, and achieve more balanced national growth for America.

The resurgence in agriculture symbolizes a turn-around for our entire economy.

This Nation is moving forward positively on all fronts--a turn-around is taking place generally, like that which we are seeing in agriculture. The Phase II controls are taking effect. Economic growth is quickening--the last quarter of 1971 registered a 5.8 percent real gain, almost double the rate of the previous two quarters.

Employment was never higher--more than 80 million jobs today, and that total will grow during the year with increasing purchasing power and demands for increased production. Total private housing starts in 1971, more than 2 million, set a record. The rate of growth of Government expenditures has been cut back and the Federal tax burden reduced.

We're all in this together. If every one of us will do his best to fight the problems that beset our country with prudence and performance and productivity--with individual statesmanship and patriotism--there's no question about the better future that lies ahead for us all.

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BLESSED ARE THE REAL PEACEMAKERS

The Biblical story of Ruth was the ideal text for my message in January to the National Association of Wheat Growers. Not long thereafter, my good Lutheran kid brother Dale--whom some of you know well--sent word that I ought to get into the New Testament. I responded, of course, that in fact I often speak from the New Testament--but that Dale just didn't recognize it!

Just a few weeks ago, the Shepherd Prophet Amos inspired my remarks to the Nation's top 4-H'ers assembled in Washington. Once again came word, this time that I was progressing--but that I had not yet really emerged from the Old Testament. Today I give public notice that I have moved into the New Testament, the Book of Matthew to be specific, Chapter 5, Verse 9--"Blessed are the peacemakers."

Today I want to talk about peacemakers--not those who would accept any peace at any price, not those who plan their condemnation of the President's military moves before they even listen to his peace proposals, not those whose chants and gestures and placards may cause the North Vietnamese to misread and miscalculate the need to negotiate in good faith. I want to talk about the real peacemakers and real peace.

Address by Secretary of Agriculture Earl L. Butz at the 64th Annual Convention of the American Feed Manufacturers Association, Washington, D.C., May 17, 1972, 1:00 P.M. EST.

Blessed are the real peacemakers who seek peace with honor in Vietnam.

Foremost in all our minds is real peace in Vietnam. President Nixon has bravely announced and employed strategic moves to counter the military invasion of South Vietnam and offered new terms for peace. The die has been cast. We are committed. There will be no turning back from this decisive effort to defuse the Vietnam conflict--and to achieve real peace.

If ever there was a time when an American action and an American President needed the support of every American, that time is now and during the critical weeks immediately ahead. During the 1948 Presidential campaign, President Truman sent word for Republican Senator Arthur Vandenberg of Michigan to slip in the back door of the White House for a private chat. Senator Vandenberg was the Republican Foreign Policy Leader, a loyal party man, and I'm sure he would even have liked to have been President of the United States. In the course of their chat, President Truman expressed his appreciation for the "judicial" tone of one of Senator Vandenberg's campaign speeches and observed that the retention of a bi-partisan foreign policy was more important than who was elected President.

President Truman and Senator Vandenberg represented honest and intelligent differences of opinion--just as opinions differ on President Nixon's strategy in Vietnam. But today--like 1948--real peace must be sought and cherished above partisanship or politics or the Presidency.

I shall not dwell upon every key aspect of our Vietnam involvement. Instead, I'd like to relay some personal insights and impressions which have not been given the attention they deserve.

* The great preponderance of the tanks, rocket carriers, missiles, field artillery and anti-aircraft guns being used by the invaders are late-model arms from the Soviet Union--highly sophisticated weapons appearing below the DMZ for the first time. It's one thing for the United States, Russia, or any other great power to furnish allies with defensive arms; but it's another thing entirely when those arms are put to offensive use in a deliberate attempt to invade and overrun neighboring territory such as is now happening in South Vietnam.

* The loss of Quangtri is a misleading basis for evaluating Vietnamization. In fact, the defending South Vietnamese army was the greenest of South Vietnam's forces. And, in comparison with the Tet offensive which reached Hue despite the presence of thousands of U.S. troops, the current invasion across the DMZ has proceeded less than 30 miles and still has not achieved its goal of capturing the ancient capital city.

* Some have loudly condemned President Nixon's warnings to Hanoi, the mining of Haiphong Harbor, and our bombing of rail and supply lines from China. But the real facts are that this action and President Nixon's new peace proposals have moved us nearer to a peaceful settlement of this conflict than we have ever been before. We are now speaking the language of naked power, and that's the language the aggressors understand best.

* Peace without honor would be no peace at all. President Nixon seeks a real peace with the honor that any self-respecting person has who gives and pledges to keep his word. The phony peacemakers choose to ignore our treaty commitments with 44 other nations, our words of honor to aid their defense as best we can whenever they are set upon by an aggressor. The pledge we have made to nations the world around form the very structure of America's foreign policy. If America were to renege on South Vietnam or go back on her word to any one of those nations, who would believe us--who could trust us?

Blessed are the real peacemakers who bridge gaps of world understanding.

The United States, in 1972, has taken two of the greatest steps in the history of mankind to build meaningful and lasting world peace. President Nixon's journey to China raised the peace hopes of the entire world and earned for President Nixon and the American people increased stature as peacemakers. And, in just two days, the President and Mrs. Nixon depart for Moscow for equally significant meetings with the leaders and the people of the Soviet Union. These two journeys for peace are building an atmosphere of openness, of communication, of understanding, of friendship--the kind of world in which real peace can endure.

Blessed are the real peacemakers who enable peoples to trade.

One of the greatest avenues for reaching peace--and one of the soundest insurance policies for lasting peace--is an exchange of products and services between countries which benefits all of the people involved. We have been firmly committed to this end.

We have fought measures which might restrict trade. President Nixon suspended the highly restrictive requirement that half of our grain exports to Russia, China, and certain other countries be carried in U.S. flag vessels. We have fought tooth and toenail to keep our docks open so trade can move. And we've made farm trade the subject of negotiations at the highest levels of international discussions.

The results have been significant. Last fall, largely through personal actions by the President, private grain exporters sold three million tons of grain to Russia. We've turned what was a downtrend in farm exports into a record-breaking uptrend in 1970 and 1971. Trade in U.S. farm products has become a key factor in world peace.

Five weeks ago today, I returned from Russia. My mission was to represent farmers and discuss the sale of grain. While there, Soviet General Secretary Brezhnev invited me to talk with him. I became the first American official to have seen him since he became General Secretary in 1964--and we talked trade in farm products. Just that fact alone--as well as Mr. Brezhnev's clear understanding of Russia's need for feed grains and soybeans which we produce--says to me that expanded trade in corn or soybeans may well be the very cornerstone on which world peace is built.

Blessed are the real peacemakers who create food producing genius.

Farmers, with the help of the American Feed Manufacturers Association, are also real peacemakers and your contribution to peace went with me to Moscow.

The Russians are tough--but they are also smart. In my discussions with General Secretary Brezhnev, I made one critical point that struck home. I pointed out that, in the last twenty years in the United States, we have tripled our per capita consumption of poultry meat, and we have doubled our per capita consumption of beef, primarily because we have learned how to balance our rations. We have learned how to put a protein supplement--chiefly high quality soybean meal--with corn, one of the most efficient energy sources we have, to increase the efficiency of meat production. Mr. Brezhnev is vitally interested in efficiency. He quickly grasped the concept that, with a limited amount of energy grain available, when it is supplemented well efficiency increases.

And that is the lesson that you, the American Feed Manufacturer peacemakers, have helped bring to American agriculture. The increased efficiency built into your feeds and the results of your research have helped make American livestock production so outstanding that it is the attraction leading Russia toward greater agricultural trade with us.

Blessed are the real peacemakers who produce food and who give America so much to offer to world peace.

Probably the most underappreciated factor in our making of real peace is the United States farmer. In no other country do so few feed so many--freeing others to produce not only food for world markets, but other goods and services for sale at home and overseas as well.

That makes the farmer a real peacemaker, and it also designates as peacemakers those who serve him--that includes the American Feed Manufacturers, and that includes the United States Department of Agriculture.

You know better than I the great contribution you have made to the farmer's ability to feed mankind. In all the recent furor over food prices, meat prices in particular, I wish the consumer could understand how you have helped make it possible for the American family to have more and better food for a smaller percentage of the family take-home pay than anywhere else in the world. Americans couldn't eat twice as much beef as they did 20 years ago--115 pounds per person each year compared with 56 pounds--had it not been for your persistent efforts in research and promotion that have assisted farmers in producing much more beef--which still costs relatively less than consumers had to pay 20 years ago.

But we all know that the well-being of this country, the prospects for real world peace, and the future of the feed industry demand a thriving U.S. farm economy. My top priority as Secretary of Agriculture is to make sure that our farmers get an adequate return for what they have put into farming. We're doing everything we can to reach that goal. And we're making progress.

Although we still have a ways to go, we've brought farm income upward. Projected net farm income for 1972 will be an all time high. We have also cut the decline in farm numbers. We've made progress, but I know that you join me in pledging to do better. After all, a prosperous farmer is your best customer.

We are constantly looking for ways to yield more dollars for farmers from our marketing system. One of my first acts as Secretary of Agriculture was to send special study teams into the country to find ways to make the market system serve farmers better.

Leaders of the pork team and the egg team report to me that you folks in the American Feed Manufacturers have been extremely helpful in providing information and suggestions. We deeply appreciate your help. You have traditionally served the farmer by helping him do a better job of feeding. Now you are moving to help him do a better job of marketing.

These teams will report back by mid-summer with action recommendations. I hope we can take some action quickly; other suggestions will take more time--but there will be follow-through. Don't expect miracles--we don't create miracles in the Department of Agriculture. But we will translate this study into benefits for our Nation's farmers.

You can be sure, too, that this Secretary of Agriculture will continue to speak out in behalf of farmers. The American farmer will have the deep and abiding respect and appreciation of every American--or I'll know the reason why. I know I can count on you to help in this great effort.

Every American dreams of real peace in Vietnam. We're building that peace. And we're building daily that peace made with world understanding, trade between peoples, food producing genius, and a thriving farm economy.

Those who build these blocks of lasting peace build real peace. Blessed are the real peacemakers.

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NEWS

U. S. DEPARTMENT OF AGRICULTURE

SECRETARY BUTZ' ANNUAL REPORT SEES NEW ERA FOR AGRICULTURE:

WASHINGTON, May 18--In his first annual report to the President, entitled "Shaping the Future," Secretary of Agriculture Earl L. Butz says that agriculture and rural America are moving into a new and promising future.

During the past year, farm programs allowed farmers to make more of their own farm operating decisions, the advance in agricultural efficiency and output per man-hour continued, farm output soared to a new high, and there was a spectacular jump in agricultural exports.

The immediate economic outlook is also brighter. Realized net farm income in 1972 should be about \$2 billion higher than in 1971, and the average realized net income per farm will rise to a new high.

Even so, the average farm resident has only about 75 percent as much after-taxes personal income from all sources as the average nonfarm resident. Although this was well above the 55 percent ratio of 1960, "a wide disparity in the incomes of farm and nonfarm Americans still exists," the report says. "It is vitally important that farm people should share more equitably in American economic growth.

"Among the brightest agricultural aspects of the year was the upsurge in farm exports to a record \$7.8 billion in fiscal 1971, 15 percent above the previous all-time high of 1970," the report continues.

Spurred by record crops of wheat, corn, soybeans, and all feed grains, farm production in 1971 rose by about 9 percent, the sharpest one-year increase in total farm output since the 1940's. This was caused by excellent weather and heavy planting to offset southern corn leaf blight, which, due to cool, dry summer weather, did little damage.

1971 marked a healthy turning point in farm program policies, the report states. "Because of the Agricultural Act of 1970, farmers are no longer tied to the rigid allotments and bases long employed as production controls. They have more freedom to decide how they will use their land, skills, climate, equipment, and markets."

With greater freedom for decisionmaking, farmers can more readily change their production patterns to reduce costs, improve efficiency, and become more competitive, especially in world markets, the report states.

The establishment of new records in food aid, farm housing, and programs for rural development and environmental improvement offers additional evidence that agriculture and rural America are rapidly moving into a new era, the report says.

Declaring that a continued injection of increased vitality into rural areas is essential to a stronger, better balanced nation, the report states, "The rural development programs of the Department of Agriculture reached a funding level in 1971 double that of 1969--\$2.8 billion compared with \$1.4 billion. Housing loan outlays by the Farmers Home Administration increased from less than \$500 million in fiscal 1968 to a current record-high level of \$1.6 billion.

"A record number of families enjoyed the convenience of running water in their homes for the first time during fiscal 1971 as the result of the largest water and sewer construction effort in a single 12-month period ever conducted by the Department of Agriculture. The loan program was expanded another 15 percent for the current 1972 fiscal year. The current program will fund more than 1,500 water-waste disposal systems and provide at least 20,000 full-time jobs in rural areas."

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The Rural Electrification Administration had the most successful and active year in REA's 36-year loan program history, the report says. REA electric borrowers built more than 25,000 miles of line and added 245,000 consumers while the telephone loan program provided improved service to a million subscribers and initial telephone service to 1.4 million.

It points out that the number of needy persons helped by the Food Stamp and Commodity Distribution programs climbed to more than 14.8 million in 1971--more than double the 6.9 million participants of 1969--and that the total value of bonus food stamps soared from \$20 million a month in 1969 to \$150 million in December 1971.

Needy children receiving school lunches numbered 8.1 million in December 1971, more than double the level 2-1/2 years earlier.

Low income families receiving help in food budgeting and shopping and meal planning and preparation through the Food and Nutrition Educational Program carried out by Extension Service increased by more than 100,000 during the year, bringing the total to roughly 350,000 families, or more than 1.6 million individuals.

"While large-scale efforts will still be required to fulfill the national commitment to eliminate hunger in America for all time, achieving the goal has now become a realistic hope," the report says.

Achievements by the Department in environmental improvement include:

- * Continued growth in the development of water resources through watershed projects, 44 of which were approved in fiscal 1971.

- * Application or maintenance of soil and water conservation practices on 766 million acres by roughly 2.2 million cooperators in more than 3,000 soil and water conservation districts throughout the country.

* Planting and seeding 302,000 acres of National Forest land to trees and continued tree planting in the United States at a rate of about 1 billion trees per year.

* Reducing acres of National Forests burned by forest fires to about 237,000, less than half the acres burned in 1970.

* Additional emphasis on enduring conservation and pollution abatement practices through the Rural Environmental Assistance Program.

* Improvements in food processing to reduce pollution of streams, intensified study of systems for disposing of livestock wastes, and the development of promising ways to recycle many kinds of waste materials.

USDA research continued to make possible further advances toward better farming and better living, the report says. Important research achievements included the successful campaign against Venezuelan equine encephalomyelitis, a dangerous type of horse sleeping sickness which is usually fatal to the animals affected and which also causes illness in man; development of new foods and better plant varieties; and improvements in mechanical equipment for harvesting fruits, vegetables, and nuts.

"Research on agriculture's use of chemicals and on alternative means of controlling insects and diseases was sharply expanded," the report says. "The Department is cooperating with the National Science Foundation, the Environmental Protection Agency, State Departments of Agriculture, Experiment Stations, and Extension Services in implementing a broad new pest management action program and an expanded research program. The goal is to help farmers control pests more effectively and economically, while at the same time reducing the use of DDT and other chemical pesticides."

In concluding the report, Secretary Butz discerns "reasons for optimism about agriculture's future" in the Nation's growing population, its expanding

economy, and increasing consumer purchasing power. "This adds up to sharply increased demand for agricultural products," he says.

"In adapting to the future, farmers will have the huge advantage, one they had surrendered for many years, of making far more of their own planting and operating decisions. Greater efficiency will be the result, and greater flexibility in making needed adjustments."

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Every time I visit this great Keystone State, I find a special kind of inspiration here. It gives me a renewal of my sense of history and of my appreciation for values that I learned years ago in grade school. Indelibly stamped on my consciousness is your proud tradition of freedom--first dramatized at Valley Forge.

When the fate of the new Nation then hung in the balance, raw courage, tenacity, and faith tipped the scales. Those qualities and a deep-seated love of peace have stayed alive in Pennsylvania through the years--here in this beautiful countryside you can sense their reality.

Later once again, the destiny of our Republic--the very survival of the Union--had to be decided. Pennsylvania farmers and their city cousins, joined by their countrymen from my home State of Indiana and many other parts of the Nation, overcame that crisis on the bloody battleground of Gettysburg.

Today the United States faces another supreme test, in far-away Indochina. Well do I realize the misgivings many have over this ugly war. I am convinced that no one yearns more for its end than President Nixon, coming as he does from a Quaker family background.

Yet I am equally convinced that the gravity of the present situation in Vietnam demands the best of every person in this country. If ever there was a time when an American action and an American President needed the backing of the Nation's people, that time is now.

Address by Secretary of Agriculture Earl L. Butz, Pennsylvania Farm
Luncheon, Carlisle, Pennsylvania, May 18, 1972, 12:30 P.M. EDT

The die has been cast. We are committed to the effort to defuse the Southeast Asia situation and bring peace.

The military experts say it will be several weeks before the combination of supply interdiction and raids on northern storage areas will begin to take full effect. After that we'll be in a better position to assess the results of the President's decision.

What the President needs right now--and what America needs--is unity. Without that, the enemy may misread and miscalculate the need to negotiate for a peaceful settlement. While I'm not going to debate the Vietnam issue, I do have some personal observations that I'd like to relay to you.

First, most of the guns, tanks, and missiles being used by the invaders are from the Soviet Union--highly sophisticated weapons appearing below the DMZ for the first time. Now it's one thing for the United States, Russia, or any other great power to furnish allies with defensive arms. But it's an entirely different proposition when those arms are put to offensive use in a deliberate invasion of neighboring territory.

I believe our Russian friends understand that difference. I believe they know how we stand. And I believe they have respect for the action that we were compelled to take in the mining of North Vietnam waters.

Second, it is becoming increasingly evident that the invasion from the north was a desperate act--the enemy may realize that time is no longer on their side.

Third and above all, there is a principle at stake in Southeast Asia that goes to the heart of our existence as a Nation. Our future depends on it. Indeed, the world's hopes for a peaceful future depend on it.

Unless we gain peace with honor, we lessen our chances for lasting peace.

The term "peace with honor" is misunderstood by many people, who think it means peace with victory, or peace with some kind of advantage. When the President speaks of peace with honor, he means the honor that any self-respecting person has who gives his word and keeps his word. It's as simple as that.

The false peace of Munich was a peace without honor--and it proved to be no peace at all. The kind of peace that some would settle for in Indochina would be no peace at all--for a peace without honor would only sow the seeds of future Vietnams elsewhere in the world.

The United States has given its sacred word of honor in treaty commitments with 44 other nations. These are pledges to aid in their defense if they are attacked by an aggressor who aims to impose his will by killing. If America were to renege on South Vietnam or go back on her word to any one of those nations, who would ever believe us again? Who could trust us? The free world would soon be back in the jungle of fear, distrust, despair, and oppression.

America's foreign policy is based on the pledges we have made--pledges to help any victim of aggression as best we can, pledges to help our friends fight economic distress, pledges to help them conquer hunger and disease, pledges to work with them in building a peaceful world community.

Even as the Southeast Asia situation is being brought to a head, we are seeing a great President dedicate himself to the effort of writing a final chapter in mankind's long, bloody book of war. He had the courage and initiative to open up direct contacts with the People's Republic of China. He is scheduled to leave Saturday on his historic crusade to Moscow. Our hopes and prayers go with him--not only may we be at the threshold of peace for our generation and generations to come, but we are striving to reach a new level of confidence, friendly interchange, and trade among nations.

Better international relations can mean improved prosperity.

Farmers have a special stake in the kind of world where friendships replace antagonisms and where trade among nations can expand.

Foreign sales are an area of real growth for American agriculture. Already, the output of one out of every four acres of crop production goes to overseas markets. We are working to unlock more overseas markets, negotiate for smoother flow of exports to foreign consumers, and promote greater sales abroad. We've had pretty good success, too, because all agricultural export records were smashed the last two years in a row, and the latest figures indicate we may be close to another record this year.

President Nixon, who had a personal hand in making possible the historic sale of 3 million tons of U.S. grain to Russia last fall, has set a goal of \$10 billion in farm exports. A foreign market of that size can help substantially to improve the general farm income situation--including Pennsylvania's. Your State's share in the farm export market already runs well over \$50 million a year. Millions of dollars' worth of Pennsylvania-produced feed grain, fruits, dairy products, hides, tallow, and tobacco go to foreign markets. We aim to help build up that volume.

The world is growing. Economies of other countries are getting stronger. People want to eat better food, with higher levels of protein in their diets. This means more production of livestock and poultry--and more consumption of American feed grains and soybeans.

Facts of this kind were discussed quite extensively during my meeting with Secretary Brezhnev when I visited Russia last month. Our main item of discussion was trading for United States grain. I was there developing markets for American farmers--and I'm confident that some time we'll be trading on a substantial basis.

Just as the Administration is making gains in the area of foreign affairs and international trade, it is successfully tackling big problems here on the home front. Economic conditions are improving, the level of employment has reached an all-time high, and the outlook for farmers has brightened considerably.

Instead of just defending your right to farm, we are developing public understanding of the farmer's role in feeding this Nation.

That's what the recent furor over food prices has really been about--and because we've worked together at developing a better understanding of your vital role, we're winning this battle. You can count on me to do all I can to set the record straight on farm prices and farm productivity during this controversy over food price controls.

I intend to keep reminding the people of America that a productive, profitable farming industry is the best means of fighting scarcity and inflated prices. I want the public to know that family farms are the backbone of our food production system. I want family farmers and small farmers to have the chance to grow into productive, money-making operations so that they can have the kind of earnings and good living that other people enjoy.

I want the people of America to realize that even though total farm net income will break all records this year--somewhere around \$17.5 billion or more--that still won't be good enough. Net income per farm, on the average, will also be a record high, and per capita income of farm people is rising--but we won't be satisfied until farmers are at least on a par with the income of nonfarm people.

We're developing farm and rural life for today and tomorrow.

You and I both know that the best guarantee of thriving farm communities and good rural living is to develop adequate means for farmers to earn a good living. And the next greatest need is to maintain ample employment opportunities for farm and rural families. We are dedicated to doing both.

The President has given me his full backing on every step I have taken to improve the earning capacity of rural Americans. Funding for rural electrification and telephone loans is now at the highest levels in years. The Rural Environmental Assistance Program, important to many Pennsylvania farmers, was given an additional \$55 million to bring it to full funding capacity.

Six commodity marketing teams are working on a crash program to help discover better ways for small farmers to move their products to consumers, under more profitable circumstances. Our research people are pushing a special project on pest management control, aimed both at better protecting the natural environment and at helping you save money.

Meanwhile, the President is giving top-level attention to the subject of rural development and countryside growth. His recent message to the Congress on rural development was the first, to my knowledge, ever delivered by a President on that special subject.

The highlight of his message was an innovative credit-sharing proposal which would set up means for encouraging the flow of private money from the financial community into the small towns and countryside areas. This idea has been worked into a bill that has passed the House and Senate and is now in Conference Committee.

Meanwhile, through the Farmers Home Administration, Soil Conservation Service, and other agencies of the Department of Agriculture, we are doing everything we can to develop greater opportunities for rural people--more jobs, better housing, cleaner water, more community services--all to develop rural America as a better place to live.

We're developing leadership to keep agriculture strong--instead of just defending our glorious past.

There's only one way to maintain an atmosphere of development instead of digging a foxhole of defense--and that's to have leadership. Pennsylvania agriculture has had its share of problems through the years, and it hasn't mastered them with magic or by stumbling into solutions. It has done it with hard work.

American agriculture is great mainly because of one thing--strong, dedicated leadership. I am dedicated to helping produce that kind of rural leadership.

You--the most important agricultural people in this great Commonwealth--have a critical role. Your problems will increase and become more complicated as these changing times bring more changes. You are farming in a new kind of frontier, because you are farming on the edge of the urban sprawl. Many of you no doubt already are involved in questions of land-use policy, property tax burdens, zoning, and similar technicalities that make farming in an industrial State a difficult row to hoe.

This is all the more reason for you to make sure that good farm leadership here in Pennsylvania continues to come on--young men and women who will guide agriculture next year and 10, 20, 30 years ahead.

By your very nature and as a result of your present positions, you have the opportunity to fashion others into roles of leadership. You have on your shoulders the mantle of power--the power to shape the kind of leadership we must develop.

Let me tell you, we've got a lot to be proud of--you've got a lot to be proud of. American agriculture is a growing, dynamic industry--the most essential component of our national economy. As farmers, as leaders in agriculture, you don't have to take a back seat to anybody. Nobody works harder, nobody has sacrificed more, and no one is as badly needed, as you are.

I never forget that I'm your hired hand. And I am proud to work for you as your hired man. I don't intend to have to apologize for you, or make excuses for you, but I do intend to keep on speaking out in your behalf. I intend to be a winner--and the only way I can do that is for you to win. And you are winning!

For P.M. Release May 18, 1972

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It's always fitting on occasions like this, when public servants and farm organization leaders gather, to keep first and foremost in mind the humbling fact that the American farm family--when it has its 'druthers--is going to speak its own mind, wrestle its own problems, tend its own business, reap its own harvests, and earn its own keep.

And further, we public servants--those of you elected to represent farmers in Pennsylvania, and hired hands like me on the Potomac--need to remember that, when family farmers seek help, they are first going to look to their own self-help farm organizations who can best speak for farmers and who best understand farmers' problems. The sturdy and independent farm stock of Pennsylvania have done as much as farm people anywhere to substantiate these axioms of farmer action. And we need to keep these principles foremost in our minds--in Harrisburg and in Washington--as we consider courses of public action to serve Pennsylvania farmers.

There are countless agricultural programs and functions which are the bailiwick of farmers and farmer organizations, but government has a critical role too. It has been a substantial role and it will, no doubt, be a continuing role of seeking an efficient and highly productive farm economy, opportunity for farmers to earn adequate returns for what they put into farming, and thriving farm communities and good rural living.

These goals are being achieved--mainly through farmer efforts, strengthened by farmer organizations, and supported and served by government action.

Address by Secretary of Agriculture Earl L. Butz at the Annual Legislative Banquet of the Pennsylvania State Council of Farm Organizations, Harrisburg, Pennsylvania, May 18, 1972, 7:30 P.M., EDT

The fact that so few American farmers feed so many and so well--
at such a reduced portion of consumers' income--is the greatest economic
success story in today's world.

The productivity of the American farmer is a modern miracle. It is the envy of other nations, friend and foe alike; and it is a vital ingredient in the success and affluence of this country, which no other land, and no other people, can match.

Today, each American farmer actually produces enough food and fiber for 51 people. Output per man-hour on farms is now 3.3 times higher than 20 years ago. Over the same period, output per man-hour in manufacturing is only 1.6 times greater, half the increase in farming.

That magnificent productivity has made farmers a major force in counteracting inflation, and has meant that consumers have been able to buy their food for a smaller part of their incomes. For instance, farmers are producing 2 1/2 times as much beef as 20 years ago--and 4 times as much Choice grade beef. And 20 years ago consumers were spending 23% of their take-home pay for food--today it's less than 16%--and it includes twice as much beef per person and a much larger proportion of meals eaten out.

The American farmer is beginning to get some of the credit he has long earned for this great accomplishment. That recognition has been a very positive result of the recent furor over food prices. This controversy over food prices has prompted us to take the real food facts to the people, and--in the American democratic tradition--the people, when they have the facts, are judging the farmer to be the hero of the American food miracle.

America's abundant food supply depends upon the economic health of American farmers.

We cannot continue to enjoy a grand abundance of wholesome food unless the American farmer has a chance to earn an adequate return for the capital investment, the labor and the sophisticated management that he puts into farming.

No farmer trudges through the spring mud to feed his stock just because he loves mud or livestock--he does it to make a profit. No farmer gets up at the crack of dawn, and on Sunday morning too, to milk just because he loves cows--he does it to make a profit. No farmer pulls on his overalls and braves the cold wind at two o'clock on a wintery morning to tend a new born lamb or a gilt that is farrowing just because he loves to be an animal midwife--he does it to make a profit. And no young man is going to stay in the profession of farming just because he likes clean country air--he will do it to make a profit and to be able to live in a fashion relatively on a par with the non-farm alternatives that are his.

We still have a long way to go on farm income--but we're making progress in increasing the profitability of farming. Net income from farming will hit about \$17.5 billion or higher this year--up \$2 billion from last year.

Average net farm income for 1972 is projected to be about \$6,180--an all-time high. The average of the last four years will run about \$5,670.

Per capita income of farm people also is improving--averaging about 75% of more farm income for the last three years. I won't be satisfied until per capita farm income is at least 100% of the non-farm figure.

Farm and rural life for today and tomorrow deserve our best ideas, our energy and our full attention.

We all have a stake in the vitality of rural America. Those who live in rural America make their life there. The Commonwealth of Pennsylvania, with such a vast rural area and such a large rural population, has a vital interest in the development and growth of their countryside areas. And Rural Development is one of the top priorities of the Nixon Administration and the Department of Agriculture.

We all have a part--we all have a responsibility--in the development of rural areas. As we move to carry out those responsibilities, there are some things we must keep in perspective:

First, the best guarantee that we will have thriving farm communities and good rural living is that farmers be able to earn an adequate income from farming. Second, these strengthened farm communities must be complemented with ample employment opportunities for farm and rural families.

This will lead to active, economically self-sustaining communities which can develop and maintain health, sanitation, housing, medical, education, and other services necessary for good rural living.

We're doing all we can to provide both elements. I've commented on farm income--that it's improving, but that we have a way to go. We're working to increase farm income on every front.

First of all, we're building markets. We've turned a downtrend in farm exports into a marked uptrend--shattering all farm export records in 1970 and 1971. We've opened new channels of trade, we've lifted restrictive trade regulations, we've fought tooth and toenail to keep the docks open for trade, and we've made negotiations for farm trade the subject of the highest level of international discussions.

And we've had results. Last December the private trade sold nearly three million tons of feed grains to Russia. And just six weeks ago, I was in Russia on a mission of agricultural trade, making further progress to build farm markets.

We've changed the direction of farm programs from a mechanism which government planners could use to manipulate production and price to one where farmers can make production decisions to meet market needs and still make higher returns--while still keeping their farms under their own control.

We've sent several study teams into the countryside to find ways to make our farm marketing system help family farmers earn a better income. Those teams will report this summer--and there will be thorough follow-through. Don't expect miracles--the Department of Agriculture doesn't deal in miracles. We deal in progress. The work of these study teams will be translated into benefits and progress for farmers.

These measures are having an encouraging consequence in rural America. The increased economic vitality of Agriculture is exemplified by the fact that we've cut the exodus of farmers from the countryside. The decline in farm numbers has been slowed to 45,000 per year--down more than half from the 106,000 farms lost per year during the 1961-1968 period. We're not satisfied yet, but we're making progress.

The progress we are making in the farm economy is being coupled with great developmental efforts in all of rural America. President Nixon was the first President to bring a special Rural Development message to the Congress--that's indicative of the priority being placed on better life in rural America. We have backed up the rhetoric of Rural Development with resources.

For instance, through the Rural Electrification System--long a potent force in building the economic strength of rural America--1971 REA electric loans in Pennsylvania totaled 80 million dollars--up from 49.3 million dollars just 10 years ago.

Through the Farmers Home Administration, total FHA financing in Pennsylvania for fiscal 1971 was \$38 million--up from a total of only \$4.5 million in 1960. A substantial part of that increase came in rural housing--a big boon to the quality of life in rural Pennsylvania.

We've moved the decision-making process for rural development closer to the people at the State and local levels. That's where it must be centered if real development is to continue. You folks in Pennsylvania know that lesson well.

In addition, the Congress has responded to the President's message with a new Rural Development Act, now pending, which would:

-- greatly expand Farmers Home Administration's loan authority to help you finance a wide range of essential community services and facilities;

-- provide loans for establishing or expanding job-creating business enterprises in rural areas;

-- expand the Soil Conservation Service's cost-sharing authority for watershed areas, which are the key to the development of many rural areas.

I firmly believe that the promise of Pennsylvania agriculture and all of rural Pennsylvania is brighter today than it has ever been--and you people gathered in this very room are the reason. You are the leadership, the people who move other people to make progress.

It takes people to build peace in the world--people who are moved by leaders. It takes people to fight inflation in this nation--people who are challenged by leaders. It takes people to build a thriving farm economy and good life in the countryside--people who are motivated by leaders. You are those leaders. You can move individual farmers. You can move your organizations. You can move government in this historic Commonwealth.

For A.M. Release, May 18, 1972

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Today we honor a group of loyal men and women who have dedicated themselves in the service of good government. Indeed, the fact that they have distinguished themselves in serving agriculture--our primary industry--means that the honor awards they are about to receive are truly recognitions of service to the entire Nation.

Perhaps the greatest personal reward that comes to anyone who is privileged to serve in the Front Office of this Department is the opportunity to get well acquainted with many outstanding civil servants in USDA. Like most departments of the Government, USDA is manned by a corps of capable, conscientious, hard-working career people. One can never fully appreciate how true this is until he marches alongside them in the workaday business of Government.

It's the political appointee who most often makes the news, gets the credit--and takes the cuffs. He is the one the public often sees. Yet the multitude of useful services performed in this great Department of Agriculture would not continue half a day without the loyal service of thousands of career governmental personnel just like those of you on this stage and seated in the audience before me now.

I wish that the rank and file of American citizens could have a fuller appreciation of the vital role in modern society played by the Government career civil servant.

Address by Secretary of Agriculture Earl L. Butz, USDA Annual Honor Awards Ceremony, Washington, D.C., May 23, 1972, 10:30 A.M. EDT

The science of good government is the business of all of us.

Government is the biggest business in the land. This year, government at all levels--local, State, Federal, and our share of international commitments--will take 34 percent of our Gross National Product. That means that all of us together will decide how each of us will spend one dollar in three this year. And the trend line is up--it is going to get higher.

That does not have to be alarming. Big government is not necessarily bad just because it's big. Government can and should achieve much for people, and perform many worthwhile services, often better and more economically than by individuals.

On the other hand, we must all be eternally vigilant that we don't surrender ourselves to big government. For many years, more and more power has flowed--along with more and more tax dollars--from the countryside to Washington. The President has often said that too much power has become concentrated here. He is striving for decentralization. His concept of New Federalism aims to return governmental authority closer to the people. Cooperative sharing of governmental responsibility is his goal. One of the best models for this approach is to be found in many programs of the USDA which are carried out cooperatively with State and local governmental units.

The taxpayers of America are making a tremendous and growing investment in government; and they have every right to expect a generous return on that investment. We must remember always that in America, governments were instituted to serve the people--not to rule them. One of the great challenges facing all of us is to see that our economy is not dominated by government--that government helps rather than displaces private enterprise. We can do this only if we courageously and constantly throw our influence on the side of keeping government the servant of all of us--never allowing it to become our master.

Scientific agriculture is one of the dividends of cooperative government.

One hundred ten years have passed since the founding of the Department of Agriculture and since President Lincoln's signing of the Morrill Act that created our unique Land Grant educational system. It is significant that these two great institutions were inaugurated in the same year.

In both institutions, scientists and educators have applied their knowledge in a continuous effort to increase the total productivity of our economy. There has been no "cult of science," no pursuit of knowledge merely for knowledge's sake. The end of agricultural science has been and always will be the advancement of human welfare.

These two great institutions represent the mobilization of tremendous research power--in the science centers of the Agricultural Research Service and Forest Service, for example, and the State experiment stations. In turn, they generate research by private organizations and by industry to develop new production and processing technologies. The application of science to agriculture forms the very cornerstone of the high standard of living that Americans enjoy. American agriculture is now feeding our growing population through advancements in science and technology.

Increased inputs of capital assets and improved technology on America's farms, plus the efforts of industries that supply farmers and process farm commodities, enable a single farm worker to produce food for an ever larger number of people. Back in President Lincoln's day, one farm worker on the average supplied products for about 4 persons, including himself. Fifty years ago, he supplied 8 people; 20 years ago, 16 persons. Latest estimates for this year indicate that a single farm worker, on the average, now produces enough for 51 people--more than three times as many as 20 years ago--a performance unmatched anywhere in the world and never before equaled in history. And by 1980, it's likely that a single farm worker will be supplying food for 75 to 80 people.

Science keeps on boosting output per acre, per animal, and per worker.

In just the past 10 years alone--a fairly short time for agriculture--we have seen spectacular increases in average yields per acre: wheat, from 24 to 33 bushels, rice from 3,600 pounds to 4,500 pounds, a half-ton per acre increase in feed grain production. You in the Department of Agriculture have helped bring this about.

There is an upward trend all along the line. In terms of farm productivity, output per man hour on farms is 3.3 times higher than 20 years ago. The production rate per man hour on farms is increasing twice as fast as in manufacturing industries--unmatched efficiency that has brought a better living level for farm families and food for urban families at a steadily diminishing percentage of total expenditures.

All of this has not happened just by chance or by some kind of magic. It's the result of scientific innovation, of new technologies, and of an unparalleled delivery system for translating laboratory findings into practical use on the farms of America. When I speak of the delivery system, I think of the national network of ASCS, the FHA, the local conservation districts of SCS, the magnificent cooperative extension program, and the accomplishments of the Land Grant system in classrooms and laboratories.

Our modern scientific agriculture is so efficient that we now feed and clothe our entire population, and produce extra for millions of people overseas as well, with less than 5 percent of our people on farms. This leaves more than 95 percent of our population available to produce the wide variety of goods and services that make up the American standard of living--the world's highest.

Science and agriculture enable people to live better.

The advances that have revolutionized farm efficiency in America are changing our life styles for the better--and you have had a hand in that. Think of how much kitchen drudgery the modern homemaker escapes compared with all the peeling, cooking, and canning our mothers and grandmothers had to do. Think of the variety of foods we get all year round, thanks to today's methods of preservation and packaging. Think of the quality standards and inspection programs that assure Americans the safest, most nutritious food supply in the world.

And keep in mind that along with all this progress, the average consumer is able to obtain his family's food supplies for the smallest percentage of his after-tax disposable income in this history of this or any other country--even though people are eating out more in restaurants, hotels, and institutions where service costs have skyrocketed.

Never did the American working man buy his food with so small a share of his working day as now. For example, the industrial worker in Pittsburgh, Chicago, or St. Louis can get his food for much less working time than was required 20 years ago. Today, an hour's factory labor buys 3 pounds of rib roast compared with less than 2 pounds 20 years ago. Not very many years ago, chicken was something special to have for Sunday dinner; and now it provides good high-protein food in a variety of quick, ready-to-eat forms at prices within everybody's reach.

Our food-producing efficiency releases more and more of people's resources to purchase the materials and services that go into the good life that we all enjoy--the automobiles, homes, furniture, power mowers, vacations, concerts, and sports events that make American existence so varied and full. In turn, the production of all these components of our living standard--rapidly increasing at this very moment--creates jobs, income, and new vitality for the national economy. The cornerstone of it all is agriculture--the first claim of any society on its total production resources is to get enough food to keep the population alive and to reproduce itself.

This is the era of science and technology--a wonderful time for you and me to be permitted to live on this earth.

The scientific wonders that we have seen come about in the past 10 years--the wizardry of computer-controlled communications and power that take men to the Moon and back--are but a prelude to more marvels to come. Brainpower will continue to be more important than horsepower. It defies the imagination to think of the changes that can take place in agriculture as the result of genetics engineering, satellite surveillance of crops and weather, and a host of other possibilities.

We are constantly seeking to unlock new secrets of nature. We have no option in the matter, because even though America's population growth rate shows signs of slackening, it could well be that by the year 2000--less than 30 years from now--there may be close to 300 million people in this country and a doubled worldwide population.

If the world's 6 billion plus people in 2000 are to be sustained--with no improvement in diet whatever--we will need the capacity to feed another 3 billion. We must duplicate in the coming generation the productive capacity that man has achieved since the dawn of history! An awesome, almost frightening challenge--but with leadership and technology and the kind of dedication being recognized here today, we can meet that challenge.

We are entering a limitless scientific frontier--its horizons are vertical, not horizontal.

The scientists in this great Department and in the Land Grant system will have a lot to do with shaping the future of our Nation. Research people everywhere recognize that the job ahead will require the hardest kind of work. The easy questions have already been answered. Many of yesterday's research problems have been solved by relatively simple, straightforward, and fairly obvious methods.

The problems that face us today are highly complex. And they go beyond the question of agricultural production alone. Farm people stand in the forefront of the great endeavors America must make to restore and improve our natural environment, our treasures of scenic beauty, our precious assets of land, clear water, and clean air.

The decisions that farmers and their rural neighbors make--and their ability to carry out those decisions--with respect to gaining a healthier balance of national growth will be crucial in determining the kind of America in which our posterity will live, work, and relax. To focus scientific and economic assistance on these rural problems will demand the best from our scientists, our program managers, our advisors, and the entire USDA team.

In the process, it is essential that we preserve the American free enterprise system.

The application of research and brainpower will be most fruitful if we maintain a vigorous economic atmosphere in which both business and agriculture can operate. There are many people, often well-meaning, who would turn increasingly to Government for security guarantees of one kind or another. They do not realize that gaining their objectives often would be at the expense of the economic system and its incentives that have made us great.

In a society like ours, the most powerful driving force behind research and innovation is linked inseparably with the private enterprise system that finds expression through the innate desire of man to achieve, to excel, and to make a profit.

The typical American is always striving to better himself financially. He is therefore quick to search out better ways of doing his job, to try something new, to adopt new practices resulting from research and investigation.

What all of us seem to be doing in America today is somehow trying to get more golden eggs out of the goose that lays the golden eggs. Different groups approach the goose differently. Some groups say, "I'll squeeze the goose and more eggs will come out somehow or other." Some people say, "Let the government eat the goose and lay the eggs itself." That's the socialist road. But there are some of us in America--and I would like to count my friends in the Department of Agriculture in that group--who believe that the way to get more golden eggs over a period of years is to feed the goose; put a little fat on its back; pour a little profit back into it; let it eat an egg itself once in a while; let it enjoy some of the fruit of its own production effort.

That's the system that made America the great, strong, prosperous nation it is. That's the only system that will keep it that way.

It is to the preservation and strengthening of that system, and through it, to a better life for all humanity that we dedicate our talents in this great Department of Agriculture.

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For P.M. Release, May 23, 1972

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All of us here share a common goal: we know how important exports are to American agriculture, and we are working hard to make them grow.

On the basis of the record, I think we are entitled to pat each other on the back:

- * Two billion dollars in agricultural export gains since 1969, all of it in commercial sales for dollars.

- * Agricultural trade's net contribution of \$1.1 billion to the Nation's balance of payments last year, making a 3-year average of \$700 million a year, while other sectors of the economy are showing deficits.

- * A fiscal 1972 export year that is going to finish close to last year's all time record of \$7.8 billion in spite of the frustrations of strikes that closed all our deep water ports at one time or another from last July into the early part of 1972.

It is fair to say that a good share of the credit for these export gains goes to the work that has been done and is being done by those of you in the cooperator program.

Foundations laid when this program was just getting started in 1956 are continuing to pay off--100 million bushels of U.S. wheat to Japan last marketing year, for example.

Shifts in program and product have kept U.S. poultry exports respectable in the face of cutthroat competition, and have made U.S. citrus juices popular in Western Europe.

Remarks by Secretary of Agriculture Earl L. Butz before the Cooperator Committee for Agricultural Market Development, Hotel Mayflower, Washington, D.C., May 24, 1972, 7:30 p.m. (EDT).

Similar things have been done with soybeans, feed grains, cotton, tallow, and other commodities that have had the benefit of joint efforts by government and commodity groups participating in this unique market development enterprise.

Total U.S. farm exports when the cooperator program was getting under way in 1956 were \$3.5 billion, less than half what they are today. Sales for dollars that year were \$2.1 billion compared to \$6.7 billion now. That is a gain of \$4.6 billion.

I don't think we want to claim credit for the whole \$4.6 billion. There are many other factors that bear on exports, some beyond our control. But there is one constant that can be applied to exporting, and that is work--hard work to open and develop foreign markets. You have done that, and I speak for the Department when I say we are glad to have you with us out there, selling for American agriculture.

We will need to continue our aggressive efforts if we are to keep building on the gains that already have been made.

You know that competition is getting tougher for a share in the markets of the world at the same time as those markets are expanding.

The potential is great. Incomes are rising; people want and can increasingly afford more food, and better food--the meat, the fruit, the variety of edibles that are synonymous with better living.

The consumer is being heard, and this is true in the managed as well as in the open economies. The Russian people want more meat in their diet, and their government has told them they will get it.

The Soviets want to increase their livestock production by about 25 percent over five years, and they will need to import grains and proteins to do it. The President opened the way for the U.S. to supply them with feedstuffs when he

ended the old 50-50 shipping rule. Our talks in Moscow were helpful in fashioning the framework of a workable trading arrangement, and you know the Russians were in town this month, talking trade, including agricultural trade. You can be sure that agricultural trade is among the subjects for President Nixon's discussions in Moscow this week.

The same emphasis on livestock production is evident in other countries in Eastern Europe. Beef prices tell the story of demand elsewhere in the world. Feeder calves are in short supply almost everywhere.

This is increasingly the age of a new world consumer, and the United States, with its climate, geography and farming technology, is in an excellent position to help fill the gaps between that consumer's demand for a wide range of foods and his own domestic agriculture's ability to fill it.

But we won't get our share of this growing market by default.

It will take hard negotiating by government officials and support from people like yourselves to remove the artificial barriers that continue to hinder our efforts to further expand farm exports.

It will take a continuing search for new ideas and new techniques in market development if we are to beat the competition in a market loaded with skillfull, determined nations, many of whom must export to survive.

Building exports is no game for faint hearts, as you who are in the game know. It takes determination, it takes unity, it takes patience, and it takes resources. The program must be a genuine industrywide effort, backed by the trade, the processors, the growers, and by the Government, if we are to make the thrust into the foreign market that is required by the conditions of international trade today.

In my view, the cooperator program is the strongest arm of the effort to sell American agricultural products abroad. This Administration believes in cooperating with private enterprise, and I can think of no finer example of that philosophy than the cooperator program--government and industry working together in a common cause.

I congratulate you for what you have done, and I look forward to working with you in building new export records on the ones we have made together.

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For A.M. Release, May 25, 1972

USDA 1739-72

Director
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U.S. AGRICULTURE AND WORLD MARKETS

At this point in history, while we enjoy fellowship and Southern hospitality under auspices of the Tobacco Institute, it is well that we give thought to the tremendous significance of President Nixon's unprecedented journey to the Soviet Union. No effort by any statesman could be of greater consequence. The President and Soviet leaders are dealing with basic issues that bear on mankind's hopes for international harmony, for peace in this generation and generations to come.

I know I speak for everyone in this room when I express the hope that the Summit discussions now in progress may begin to lay the groundwork, at least, for a new era of conciliation and amicable relationships among the great powers. For under those conditions--where understanding replaces suspicion and friendship takes the place of antagonism--we'll all be able to breathe easier; and we'll have far better opportunities to develop the interchanges of commodities, goods, and services that can lead to solid economic growth.

This is particularly true with regard to agriculture. It has been obvious for quite a few years now that we in America have a super-capacity to produce more than enough food to meet domestic needs. The same with tobacco. All enterprise in this country needs to look outward, agriculture especially. Exports can make American agriculture an exciting growth industry, provided we keep up our aggressive promotional and sales activities, and provided we succeed in our efforts to gain greater access to overseas markets.

Address by Secretary of Agriculture Earl L. Butz, Tobacco Institute, Hot Springs, Va., May 25, 1972, 7 P.M. EDT

As the world's population expands and as nations gain economic strength, people will demand more food and better food--with higher protein levels. This is bound to require more production of livestock and poultry, which means greater consumption of feed grains and soybeans. Nobody on earth can produce these in quantity and quality equal to the output of America's farmers.

Facts such as these were discussed quite frankly and extensively during my April conference with Secretary Brezhnev. I was impressed with the Secretary. He is very capable, perceptive, well informed. He's sharp and tough; he prefers a minimum of ceremony and gets right down to business. That's the way the President likes to operate, too, and I am sure that's the kind of atmosphere that prevails in the Summit sessions that are going on now.

My main mission in going to Russia was to trade for United States grain. The Russians have need for it; they know we have it to sell. Terms of payment and credit have to be worked out, and of course there are long-range matters that must be considered, because eventually trade on a continuing basis has to be a two-way proposition. At the rate our energy requirements are expanding, it's by no means beyond the realm of possibility that Russia might prove to be a valuable source to us of petroleum and liquified gas.

Nor is it beyond the realm of possibility that expanded trade in corn, soybeans, and other U.S. farm commodities to Communist countries, the European Community and Japan may well be a vital cornerstone on which durable world peace can be built.

Farm exports already are strengthening America's economy.

At this time when we are striving to make the difficult adjustment from production for war to production for peace, and are battling to get the Nation's economy back on an even keel, the role of agricultural exports becomes doubly important. First, bigger export sales mean more income for farmers. All farm export records were smashed in 1970 and again in 1971, and it now looks likely that we'll be close to another record this year in spite of the set-back caused by the dock strike. It is no coincidence that the general farm income level has improved substantially with these export gains. Second, with agricultural exports running nearly \$8 billion a year--and the President is aiming at a \$10 billion level--American farmers are making a heavy positive contribution to the U.S. balance of payments.

The Nation's tobacco economy provides a good illustration. During the last calendar year, exports of tobacco products which you manufactured amounted to \$221 million, a new record. Add to that the value of leaf sold abroad, \$463 million, and the total comes in excess of \$680 million. That amount outweighed the cost of imported tobacco by well over half a billion dollars--a half billion dollars to the good in our balance of payments. This is a strong reason why American citizens should ponder on the asset value of a healthy tobacco industry.

Some people see inconsistency in efforts of the Government to support tobacco prices and encourage tobacco exports on the one hand, and to discourage the use of tobacco on the other. They overlook the fact that the Department of Agriculture does not and never has promoted the use of tobacco per se--our efforts along this line are aimed more at replacing varieties grown elsewhere with the superior, milder, more flavorsome American product.

The fact is that a domestic and worldwide demand exists for the pleasure tobacco provides many people. My job, and the duty of the Department I represent, is to carry out the mandate of Congress to help farmers satisfy that demand. And in so doing, we intend to work in the best interests of an industry that provides livelihoods for more than half a million farm families, sustains some 100,000 manufacturing jobs, and generates sales of more than \$12 billion annually in the United States alone. From that amount, the Federal Government and various States and municipalities derived a total of \$5 billion in tax revenue last year. Taxes represent about 42 percent of consumer expenditure for tobacco products and run 3 1/2 times the amount that U.S. farmers receive from their tobacco sales.

Our aim is farm prosperity based on sound farm prices.

This year is the first full year of testing for new commodity programs, aimed at gearing agricultural production to real market opportunities. The healthy developments in foreign trade are an integral part of that picture.

An equally important part of the picture is the effort to work down excessive supplies and inject more life into markets. We are encouraging farmers of major commodities to exercise more freedom of choice in what and where they plant, to focus their productivity on the true needs of markets, and to develop their marketing capabilities.

Essential to our effort to achieve a turn-around to a better farm income situation is the need to help the consuming public understand that the best assurance of an abundant food supply is a strong, profitable agriculture. This is why I have gone to the people over radio and TV, in scores of meetings, and through the press, to defend farm prices during the recent commotion over higher food prices.

Food is the first law of life--the first claim any society has on its total resources is to produce food to feed the population and keep it productive. This is the very foundation of our existence as a great Nation.

We have a \$300 billion agricultural plant to maintain. To keep it in good working order is going to require income--a better level of income than farmers have been getting over the past two decades. While farm costs have doubled, farm debts have gone up five times, farm taxes have tripled, and while the Nation's wage rates have gone up 130 percent and almost everything you can think of has skyrocketed, farm prices have increased a bare 6 percent in the past 20 years.

We need to maintain a solid, profitable foundation for agriculture.

The best way to fight inflation is to fight it with productivity--the way America's farmers are doing. You don't see farmers walk off the job at harvest time, you don't see farmers feeding the fires of inflation with exorbitant demands for pay out of line with their increase in productivity, you don't see farmers demanding a shorter work week and fewer working hours per day. Yet those who comprise our agricultural economy must have a fair and adequate income base--and the opportunity to grow.

One of the firmest, most stable components of agriculture, particularly here in the South, is the tobacco industry with its allotment system which through the years has become integrated with land values and the total economic vitality of this region. I know the unique characteristics of the system quite well--Mrs. Butz is a North Carolinian, and it took me seven years to persuade her that she should marry a damn Yankee. She has two brothers who are tobacco farmers in North Carolina.

In my judgment the tobacco program is working well and certainly is to be preferred to the chaotic conditions and inequities that would prevail without a program. The program is making a solid contribution to the stability of Southern agriculture. Let us all hope that as foreign trade expands, as prices strengthen, and as scientific research helps improve quality and produces more factual information about your products, the tobacco industry may fulfill an increasingly important role.

We of the Department of Agriculture recognize your industry's responsible contributions under the leadership of the Tobacco Institute, and by farmers through their various organizations such as the Tobacco Associates and the Tobacco Growers' Information Committee.

Science will move agriculture to ever greater achievements.

Even though in recent years the advances in agricultural technology have been so spectacular that they rightly are called revolutionary, I am convinced that we are only at the threshold of a new scientific era. Its horizons are not horizontal but vertical--and without limit.

Agriculture is going to need more intensive research all across the board, from seed and genetics through farm operations and throughout the manufacturing and packaging processes, to keep on improving food safety and nutrition. Your efforts exemplify the urgency of increased research--I understand that contributions of industry funds to support scientific studies of smoking and health will soon surpass \$40 million.

Another example of the research push is the combined approach of the Agricultural Research Service and Land Grant institutions such as the University of Kentucky tobacco program, focusing both on health and leaf improvement. And I am gratified that through various educational activities supported jointly by the Institute and Tobacco Associates, you are helping to translate the results of research to practical, beneficial application.

Several of these matters are on the agenda of your meeting. There are experts here from USDA and industry to explore them in far greater technical detail than would be possible or appropriate for me to do. But I do want to make the point that many of the problems of the tobacco industry--like the problems of agriculture generally--tend to overlap and become interrelated.

We are extremely concerned, for example, about trade barriers, discriminatory trade practices, and policies of the European Community and other nations insofar as they tend unfairly to obstruct the free movement of U.S. farm commodities to overseas markets. But a decision by a foreign government to establish an outrageously low tolerance level for pesticide residue can prove just as restrictive as any artificial trade barrier. So once again we see the urgent importance of research in our never-ending quest for more acceptable, more effective, and more economical pest control technology.

In the new spirit of mutual confidence that we see coming out of the Summit meeting in Moscow, let us all resolve to work together harder--to contribute statesmanship each in his own way--and to foster intelligent leadership that can show the way to a better future for America and the world.

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For A.M. Release, May 26, 1972

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This is no ordinary time for the World--it's filled with the most frustrating conflicts the World has known and, at the same time, the greatest promise of peace. This is no ordinary time for our country--we approach the 200th Anniversary of our Independence with problems as old as Mankind and as new as the Twenty-first Century. This is no ordinary college--it's one of the oldest predominantly black Land-Grant colleges in the Nation, and it's your college. This is no ordinary commencement--it's the Centennial Year Commencement, and there will never be another Alcorn Centennial Year. You are no ordinary class--you have grown through unique and historic times and you face challenging and intriguing opportunities.

It's a tremendous thrill, today, to have this extraordinary chance to address you, representing the President of the United States. Little could you have known, when you planned this Centennial Year Commencement, that it would coincide with the President's mission to Russia in a year when missions for Peace have been historic.

The promise of Mankind is still productivity--both the process of production and the people who produce.

Now, I'm sure that statement neither shocked nor moved anyone. That's what you would expect from a farm boy, a former Dean of Agriculture, and the Secretary of Agriculture. After all, American agriculture is the most productive and the most efficient in the World. We are the envy of the World in food production. We've learned how to produce--and we're doing it.

Address by Secretary of Agriculture Earl L. Butz at the Alcorn A&M College Centennial Commencement, Lorman, Mississippi, May 29, 1972, 5:15 P.M. (CDT)

But agriculture has no sacred claim to productivity. The strength of our entire economy has been built upon our production ingenuity and our productive energy.

It's only been within the latter half of your lifetimes, however, that we have seriously, as a society, looked at what it means to really believe in productivity. I mean productivity in which every citizen's potential contribution is important, a productivity which will never be as great as possible as long as even one person is kept from reaching every ounce of the potential which he or she chooses to reach. When any man is kept from fulfilling his potential, all of society suffers. His unfulfilled potential is a permanent loss to all who could have availed themselves of whatever inventiveness and creativity he might have brought to his work and to his life.

If you want to let your imagination grapple with that, just speculate for a moment on what great unfathomable advantages you could be enjoying now if all people in history had had the advantage of the formal educational effort that you have had. Now think of the advantages this Nation and its people--and the world--can enjoy just 25 or 50 years from now, if all young people have all the educational opportunities that we can provide--and then have an opportunity to use their talents to the fullest for a useful purpose for society, the economy and for Mankind.

This is the message so often forgotten in the rhetoric we all speak about civil rights and uncivilized wrongs. Only when we all understand and appreciate this message will our legislative enactments and court decrees and executive orders and administrative pronouncements be translated into real progress for the Nation and for every human being.

Every citizen--no matter what his prejudices and hangups, no matter where he was born or how he was reared, no matter what his ideological biases or political leanings---must understand that, if we would have more, we must produce more. And if we would have all we want--we must prevent no man from producing all he can. Oh yes, our society still has its doubters, but we're proving them wrong, and the strides you make in your brave entry into the World will further solidify that truth.

The promise of productivity is thriving at Alcorn.

Within this college--its legacy, its facilities, its faculty, and its student body--is unmeasurable potential, a potential long tapped, but seldom fully harvested. That is changing and will change even more in the future. I can speak for only one segment of the government and, in turn, about only one part of Alcorn--but that one part, I believe, is symbolic. For decades, this college shared only nominally in the great research and extension tradition of the Land-Grant system. That was a shame. The people and the expertise here were not used to study and solve problems which you understood better than anyone else. In recent years, however, specific grants have been made to Alcorn A&M to conduct research in a number of specific areas. Here are some of them: the organization and operation of economic opportunity cooperatives; migration of people from rural Mississippi; a management handbook for economic opportunity cooperatives; problems and processes of adjustment of migrants from selected Mississippi counties; and food consumption, dietary patterns, and school performance of adolescents under School Lunch programs.

These are only a beginning. In the past year, USDA allocated \$144,000 to Alcorn for a five-year program of research on improving the income opportunities for operators of small farms through improved pasture and cow-calf management. Another research project, in the amount of \$178,000, was approved for Alcorn to investigate breeding programs for the efficient production of quality beef--with emphasis on environmental and geographic characteristics of the region and with the aim of maximizing income to limited-resource rural dwellers. And we're now considering a \$257,000 grant to Alcorn for agricultural research aimed at improving the quality of the environment.

Alcorn's potential to produce has been recognized and is being unshackled. These research grants are proof. They will push this college to maximize its productive potential. Benefits from this research will accrue directly to rural groups in this area in particular. Significant indirect benefits will result as students develop research skills and the competence to advance into the professional fields of agriculture and agri-business. The closer working relationships established with other agricultural scientists and administrators are bringing Alcorn's professionals into the mainstream of State, regional and national research activities.

Further, Alcorn's potential for transmitting the results of this research and other information to people who can use them here in Mississippi to increase their human productivity is being enhanced with added Federal funds for Extension programs. This effort in research and extension--under President Washington's leadership--will enable Alcorn to make great strides.

A unique opportunity for maximizing productive potential exists right here in your native State.

The research grants I just discussed are examples of the resources that will be available here to solve the problems which you understand better than anyone else. You no longer have to fly to New York or Washington or Atlanta to begin to serve -- you can now begin here. The Nixon Administration's philosophy of decentralization of government brings decision-making as close as possible to the people. Let's not beat around the bush. In the research grants I cited--decentralization provides opportunity for Mississippi scientists to study the problems of rural people in Mississippi to find solutions that will work in Mississippi to the net benefit of the rural people of Mississippi as well as other States.

Some of the needs of these people could be solved by outsiders--but they'll be solved more quickly and better if you do it. And you--personally--can spend less time learning the situation and more time changing the situation. That means quicker progress.

It's a little like the farmer who is, by nature, leary and suspicious of any politician--or ~~bureaucrat~~ bureaucrat or salesman or college professor or any other so-called farm expert--if they have no farm backgrounds and have never had any grease under their fingernails or a little manure on their boots. An outside "expert" never is as good as somebody who's been there.

It really boils down to maximizing inborn advantages. They tell me that your own Willie Magee is the fastest man alive. Now, no one at Alcorn, let alone people with eyes toward the Munich Olympics, would ever have had even an inkling that Willy might clock the Hundred in nine and one-tenth seconds--if, instead of the cinder track, he had chosen to make his mark as a guard on the football team or as a shot putter. He made the decision to be an outstanding sprinter. He applied his energy and his strength and his wind and his discipline and his spirit in the competitive arena where he had the most to give. And he made it to the top just as Mildrette Netter did when she brought home an Olympic Gold Medal in the 400 meter relay.

Joe Thomas would never have made All American Center if he had tried to be a pole vaulter. Instead, he suited up and conditioned himself. and bent over and put his guts and shoulder into the sport and the position where he had the greatest potential. And he made it to the top.

The person who chooses to put forth effort in the career area where he has some first-hand experience and real feeling has a built-in potential for success. In just some of the critical areas in which the Department of Agriculture is involved--rural development, rural housing, rural water and sanitation systems, rural health, food and nutrition programs, and aspects of education--you have an advantage in understanding which very few others have.

Find a productive avenue for making your idealism effective.

The 1960's were years of rekindling hope and of blossoming idealism. The idealism of the Sixties is now legend. You were the youth of the Sixties--but you will become the movers of the Seventies and the establishment of the Eighties. Will you match your idealism with deeds of accomplishment?

Throughout the 60's, you helped point out the wrongs, the sores, and the unfulfilled dreams of society. For that you deserve credit. But some of the idealists of the Sixties were a little too much like the patriot Thomas Paine--who spoke out fiercely against tyranny--and not enough like Thomas Jefferson--who put his efforts into forging a new Nation and making it work.

The challenge to you is--will you apply more than idealism to the wrongs you seek to right, to the sores you strive to heal, and to the unfulfilled dreams you work to fulfill? You cannot make your idealism effective from the outside looking in, or across a generation gap of distrust. To be effective in this troubled World, you've got to jump in where the action is, with tools in hand, where problems are solved, where decisions are made, where responsibility is shouldered. It's one thing to cry about starving children. It's quite another to take your place at the wheel which turns to put food in a child's mouth. When you cry about starvation, you merely flaunt your idealism. But when you work to feed the hungry--you make your idealism effective.

Productivity takes input.

A gal named Melanie, with a funny little voice, had a big hit record late last year which went: "I've got a brand new pair of roller skates ... you've got a brand new key." Well, she had another hit a little later which went something like this: "They're only puttin' in a nickle--but they're wantin' a dollar song."

That kind of sums up the challenge ahead of us. As future leaders, you more than anyone else have on your shoulders the responsibility of molding others into leaders. Therefore, you've got to spread the word that the only way to get a dollar song is to put twenty nickels in the nickelodeon. It isn't enough just to unleash the productivity of a man, or a college, or a community, or a people. It takes application of that productivity--with sweat and toil.

Some people back across the Smoky Mountains along the Potomac need to remember this lesson too. If the Congress were to pass a law tomorrow guaranteeing every man, woman, and child a loaf of bread every day--somebody would have to be up before the crack of dawn to bake over 200 million loaves of bread. No matter what systems we create to unshackle productivity, we've got to have people who will put forth the input that is needed.

You've got to produce what is needed.

The Sixties gave prominence to a philosophy called "Do Your Own Thing." That really sounds pretty good to an independent soul with a passion for life. But some people in the Sixties got so excited about doing their own thing that they seldom got around to solving the real problems which they so clearly pointed out.

Our society has been built in part around the "Do Your Own Thing" concept. It's inherent in our market system. And some of our most recent progress has been the movement to give every man the chance to do his own thing. But we must remember--in this society, everyone can "do his own thing" but his reward for doing it is based upon how much society needs "his thing".

If society needs "your thing"--great! Do it! If not, you'll make a greater contribution by developing a "thing" that society does need.

* * *

In your hands rests the power to shape America's future. The future belongs to those who prepare for it. You have prepared--and you are prepared.

There are millions of jobs waiting to be done--here in Mississippi and in far corners of the globe. There are institutions and lives waiting to be unlocked, productivity waiting to be given to a needing World. The minds and souls of your contemporaries are waiting to be motivated, and their passions await your spark. You are not ordinary. You have not had an ordinary past. You do not face an ordinary future. But the future you will build, the lives you will nurture, the nation you will mold, and the causes you will lead can be only as extraordinary as you choose to make them.

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FOOD RESOURCES FOR MORE PEOPLE

All mankind--the nations of plenty as well as the lands of scarcity, the rich as well as the poor--all people everywhere have good reason to be concerned with the question of potential food resources versus an expanding world population.

It is highly appropriate, as we gather to consider this all-important matter, that we give thought to the incalculable significance of President Nixon's unprecedented journey to Russia. He returns later tonight, triumphantly to receive the welcome of a grateful Nation for all he has accomplished in reaching accords and basic understandings with the leadership and people of the Soviet Union.

The President has helped open a truly new era in international relationships--an era of eased tensions--an era that can lead to fruitful cooperation in man's quest for peace, for harmony among nations, and cooperation among people. Some 247 million people live in Soviet Russia. The population of the People's Republic of China amounts to around 850 million. Thus, those two countries alone account for well over 1 billion people--nearly a third of all the inhabitants of the world. The President wisely decided, soon after he took office in 1969, that America simply could no longer afford to ignore the reality of 1 billion people, most of whom yearn for peace and a better life just as we do.

Address by Secretary of Agriculture Earl L. Butz, Stonehill College World Forum, North Easton, Massachusetts, June 1, 1972, 7 P.M. EDT.

From the visit I made to Russia in April and my meeting with General Secretary Brezhnev, I have a pretty fair idea of the kind of people the President was dealing with--they are tough-minded, well informed, and highly intelligent. And I can assure you that in Richard Nixon our side had an equally sharp, tough and resilient advocate. Both sides meant business--both sides had points to make--and the long-range consequences for the general good of mankind will be so great, in my opinion, that it may be years before all that has been gained will be fully appreciated.

The Summit agreements at Moscow were but a beginning.

The accords only laid the groundwork for a vast amount of follow-through efforts that are going to be required in the months and years ahead. But a history-making step has been taken by the United States and the Soviet Union toward a more open world, where confidence can replace suspicion and where friendships can take the place of antagonisms. It is in this kind of new world that mankind will have the best chance of conquering its ancient enemy--hunger and the misery of disease arising from malnutrition.

Ghandi once said, "Even God dare not approach a hungry man except in the form of bread." It is futile to preach to hungry people about individual freedom, democracy, and the dignity of man when their compelling desire is for something to eat. Only when people the world around can live without worrying about where tomorrow's meal will come from, can the world truly be made safe for democracy and for the freedoms we cherish.

In the President's words, "Peace is something more than simply the absence of war." He went on to say, "Peace means creative giving, making a contribution to the betterment of our own people and to the betterment of people throughout the world. And who better understands that than the men and women of American agriculture?"

Indeed, the President said that America's farmers deserve peace prizes for all they have done, and are doing, to help other nations develop the capacity to feed themselves and thus to "remove what would otherwise be a time bomb which would explode and involve us and all other nations."

The world's population today is estimated at about 3.6 billion persons. Despite increasing efforts to control population growth and some evidence of a leveling off in the United States and other advanced countries, reliable projections point to a world population well in excess of 6 billion by the year 2000, only 28 years from now.

More significant than the numbers is where the growth will occur.

Projections by the United Nations foresee an increase of roughly 40 percent among the developed countries, most of which possess the capacities to provide for their people's food needs. But the balance--60 percent of the population growth--will take place among the so-called LDC's, the less developed countries. These are the lands where the diets are poorest, where agricultural methods are still rudimentary, and where the threat of starvation is a daily reality.

This means we can anticipate an over-all doubling of world population by 2000 with the greatest increases occurring in the regions of greatest need. If the 6 billion-plus people predicted by the turn of the century are to be sustained, with no improvement in diet at all, we will need the capacity to feed another 3 billion. We must duplicate in the coming generation--in a mere 28 years--the productive capacity that man has achieved since the dawn of history!

An awesome challenge--almost frightening. Yet we have reason to believe--and by "we" I mean not the United States alone but all nations working together--we can meet the challenge. But by the thinnest of margins.

Since World War II, food production in the developing countries has managed to rise slightly faster than population--about 1/3 of 1 percent faster, annually--and that's a thin margin indeed.

The success of the LDC's stemmed from a combination of factors.

Massive food aid--much of it from the United States--staved off famine in the monsoon regions during the mid 1960's. Then weather conditions improved. Meanwhile, several LDC's adjusted their agricultural policies, with strong support from America and other developed nations. Varieties of wheat and rice were introduced--high-yield strains developed at research centers sponsored by the Rockefeller and Ford Foundations. In a number of countries these varieties doubled and even tripled acreage yields. Demands for more grain, at higher prices, spurred LDC farmers to greater efforts.

What surfaced was an unexpected potential for agricultural growth that many people hailed as the "Green Revolution." However, this giant step forward has left many problems untouched and in some instances has led to new difficulties.

The "Green Revolution" has hardly begun.

Even in the few countries where the success of the "Green Revolution" has been most dramatic, many farmers were bypassed because they lacked opportunities or abilities to share in its advantages. It is far from solving the world food problem.

Little actual improvement in diets has been realized, for example, even though some progress is being made in fortifying food and increasing the protein value of cereals through genetic manipulation. Much more work waits to be done along these important lines.

Most LDC's do not have the research facilities and trained personnel necessary to develop the technologies that can energize agriculture. Nor have high-yield wheat and rice varieties been developed for the tropical monsoon belt or for arid areas, where a great part of the remaining arable land in the less developed world may be found.

Few of the developing countries have adequate distribution systems to bring the farmer what he needs for modern agriculture and to carry his harvest to market. Costs are high. Product losses are great. Market information and systems of grades and standards are practically non-existent.

The picture ahead is made no brighter by the fact that in 1985, rural populations will be running 50 percent larger than levels of the 1960's, with few prospects of employment for these greater numbers of people.

The impact of production on markets will create new problems.

Another complication arises when higher cereal production in developing countries parallels accelerated production of the same grains in developed countries. Duplication of this kind piles up grain supplies and depresses prices. The resulting dilemma underscores a point that most non-agricultural people fail to appreciate. Many who view the food-population equation from the humanitarian angle seem to ignore the economic facts of life.

Whether farmers bring more land under cultivation and go into higher-yield technology depends primarily on what they get for their work.

Profits, in turn, depend on the cost of production and the prices farmers receive for their output; and farmers usually have little control over either of these factors. Therefore it is difficult to estimate how much of a commodity will be produced without reckoning with factors that influence the price and availability of farm products.

In the same way, the prices that consumers must pay determine how much food they can buy. In the LDC's, changes in the prices of basic cereal grains do not alter demand very much. For other commodities, however, such as meat, milk, and produce, price is a key factor as to how much will be bought. In low income countries, most people do not have the means to buy adequate diets at regular commercial rates. Additional production will thus be inhibited unless there is some way to expand demand through commercial prices.

How the LDC's respond to the promises and problems before them will be critical. Their actions must be prompt, vigorous, on the right scale, and in the right places if tomorrow's food needs are to be met. In a report to President Nixon early in 1970, the Secretaries of Agriculture and State indicated that investments of as much as \$150 billion might be required to double food output in the LDC's by 1985.

The world will have to feed the world.

We of the developed countries bear a heavy responsibility to cooperate with the underdeveloped nations and help them reach the day when they can feed themselves. All available assistance will be needed--national and international, public and private. And it will need to be directed more effectively, more intelligently, than ever before.

During the reconstruction years after World War II, American assistance to the LDC's was almost exclusively bi-lateral--on a country-by-country basis. Much of it was humanitarian--outright donations through the Public Law 480 program. In more recent times, U.S. assistance has been increasingly provided in the context of international cooperation and coordination. President Nixon has emphasized the sounder approach of funneling more and more of this country's aid through multilateral channels.

In the conquest of world hunger, even more important than the food we give or sell will be the technologies, know-how, and brainpower that we can provide. Let me repeat for emphasis--in the long run the world must feed the world, and the responsibility of the technically advanced, freedom-loving nations is to help the less fortunate countries learn how to feed themselves.

Our responsibility therefore is to work through all available international outlets to strengthen the capabilities of the LDC's, to build and improve their infrastructures of institutions and marketing systems, and to guide them to fruitful trading relationships among themselves as well as with the developed countries.

American assistance is focusing on four major kinds of activity.

(1) International agricultural research; (2) soil and water developmental programs; (3) agricultural training for farm technicians from abroad; and (4) the upgrading of institutional competence of central governments, particularly ministries of agriculture.

In scores of different ways, in scores of different countries, these thrusts are helping raise levels of agricultural competence and food production. We have better avenues of assistance to do this.

We work through the World Bank, for example, to finance many research and development projects. With the Agency for International Development we are conducting extensive training and demonstration programs.

The Department of Agriculture collaborates likewise with the Inter-American Development Bank, Asian Development Bank, Organization of American States, and the UN Development Program, to implement and coordinate worldwide agricultural undertakings of many kinds. The extent and diversity of these efforts is so great that I have only skimmed the surface.

In the final analysis, I can assure you of this--the world can feed its population in the year 2000 and beyond, provided resources and technology are used effectively, and provided international and internal transfer of food to the poor is made possible. Those are mighty big provisos, of course. But the means of accomplishing the goal are available.

All through the ages, up until the 20th Century, the history of agriculture has been a history of devastation. Tribes, nations, and entire civilizations moved on to greener regions after devouring the vegetation and forests. In their wake they left wastelands that have deteriorated to barrenness, never to recover.

Today, thanks in great measure to technologies developed in America, we know how to replenish the land, to improve it even as it produces more; we have pioneered in multiple-use techniques in the beneficial management of natural resources; we understand the urgency of reforestation and environmental enhancement.

The greatest question that remains to be answered is whether all nations concerned--developed and developing countries alike--have the vision and the will to make best use of the productive means at their disposal. On how well that question is answered depends the world's outlook for peace in the years to come.



PUTTING POWER INTO RURAL DEVELOPMENT

You are in the business of growth and building for the future. This annual meeting of one of the Nation's outstanding electric membership corporations gives me a timely opportunity to discuss a subject that is of great concern to the President and the current Administration--the key part that our rural countryside will play in America's development during the coming decade.

All of us here today have much in common. Our roots are in rural America. We know and appreciate the deep meaning, the basic values, of life in the countryside. Farm people work every day with the wonders of the life process; they know what it means to take care of growing things. Country life is home-centered, church-centered, community-centered. It puts a premium on work, production, self-reliance, responsibility, respect and consideration for others, and good old-fashioned patriotism. These are the qualities that mark the true greatness of a people and of our Nation--they create the true American character--they are our most precious assets.

Vast changes are sweeping through this beloved land of ours--and every concerned citizen has good reason to feel an obligation not only to safeguard and cherish these essential qualities, but to help foster their growth. A strong, productive, thriving rural America, where the basic values flourish, will be as important to our Nation as the heart is to the human body.

Address by Secretary of Agriculture Earl L. Butz, Annual Meeting of the Blue Ridge Electric Membership Corporation, Boone, N.C., June 3, 1972, 1 p.m. EDT

In our own lifetimes, we have seen a rapid speed-up of the shift from a once predominantly agricultural America to an urban society. We have seen industry, commerce, and population gravitate to the cities. Another phenomenon of the times is that machines and computers do so much work that more people are employed in the service trades than in the production industries--we have entered what some call the post-industrial era.

This is an era of compaction--75 percent of our population is jammed onto less than 2 percent of our land. This compaction of human beings helps breed discontent, abuses the environment, stifles pride, and deteriorates society. Such conditions no doubt are contributing to changes in life styles, in attitudes toward established standards of conduct and morality, changes in people's evaluation of traditional principles.

We have no greater challenge than to strive for better balance as America's economy and population expand.

Somewhere along the line--and it could be sooner than we expect--our compacted society will rebound from the conditions that now prevail. Circumstances seem certain to force many Americans to turn to the rural countryside for elbow room, fresh air, clean water, natural beauty, and security. If we're smart, we'll make ready and do our best to avoid the mistakes of urban areas that just grew like Topsy.

The urgency of making sound plans and preparations now was what motivated President Nixon when he called for a policy of balanced national growth in his first State of the Union Address. It is why this Administration has concentrated more attention and more funding on rural development than ever before. The need for balanced, controlled rural growth is integral with the President's advocacy of the New Federalism, with government decentralized and brought closer to local people.

The Administration and Department of Agriculture intend to continue building the right kind of developmental programs for rural America--programs whose success, however, will depend on the actions that country people like you can carry out.

We need innovative programs that will bring more of the Nation's economic growth to the rural countryside. Sound programs that will encourage local investment and create permanent jobs. Sensible programs that will strengthen the farm economy and allow more farm people to find opportunities for financial success and a good living in the country.

Blue Ridge EMC is setting standards for rural improvement.

I am well aware that in certain farm communities, rural development is none too popular or exciting a subject. I don't blame any farmer for feeling apprehensive that as a redistribution of population takes place, urban headaches may tend to be transferred to the countryside. But this need not happen if local people, local planning boards, local rural development committees and other units of local government get into the important work of shaping their own future.

I wish that those who have doubts about rural development could see what the Blue Ridge Corporation has accomplished here in your 5-county area and the adjacent northwestern part of North Carolina. As I rode today through this beautiful countryside, I found it hard to believe that only a few years ago, up to around 1960, it was rated as a disadvantaged and economically depressed tip of Appalachia. Hardship, rundown farms, more than half of the homes unsound and lacking indoor plumbing, a scarcity of good schools, few job opportunities--these were the order of the day during the 1940's and most of the 1950's.

But you had some good things going for you--assets that can be found in every rural community. You had self-pride, for one. You had a determination to build something better. You had this magnificent natural setting of mountains and streams. You had people with initiative. And you had the REA and the Blue Ridge EMC.

It's not necessary to trace the record of the transformation you have achieved, starting when people began to clean up their yards, mend their fences, paint their mail boxes, and repair their streets and roads. In the years since the Blue Ridge EMC was established, you have proved what can be done in any rural area by providing effective leadership, technical assistance, and the availability of reliable, low-cost electricity.

I understand that in the last 5 years alone, more than 3,500 new homes have been built in this area, adding millions of dollars to local tax bases; since 1961, 41 new industrial plants have been established in the 5 Blue Ridge counties and 90 existing plants expanded, creating 8,500 new jobs; the total number employed in industry in 1971 was 45 percent greater than in 1961. Rural development really means something with accomplishments like that.

You have recognized the importance of training for young people.

During the past decade, 12 new high schools have been opened up as this area has grown--and two community colleges. These are the best kinds of dividends from rural development--and the best foundations for the future.

I would like to see many other rural areas take a page from your book, especially the page that has to do with the training of young people, and older folks as well, who have never shared in gainful employment. I refer in particular to your "Job 70" program of human resource development.

Blue Ridge has also helped bring together resources for education and employment to provide training for specific jobs in industry. As a result, local people have not had to leave home to seek work--the jobs have been created close to their homes. And prospective employers have received valuable assistance in recruiting and training workers to run their machines.

What we are seeing happen here is a healthy economic growth all across the board. I was particularly interested to learn, for example, that during the decade from 1961 to 1971, agricultural income in this 5-county area increased 120 percent, from \$37.5 million to \$82.7 million. And the Blue Ridge EMC has shared in the region's progress. Its annual operating revenues increased from \$2.2 million in 1961 to \$6.2 million last year.

The number of large industrial and commercial consumers served by Blue Ridge EMC increased from 24 in 1961 to 124 today--they account for a full 25 percent of all the energy you sell.

We get more only by producing more.

Of all the virtues that farmers and their rural neighbors learn from their earliest childhood years, one of the most important is the realization that if you would have more, you must produce more. Farmers know that. Congress could pass a law tomorrow guaranteeing everybody a free loaf of bread. But none of us would get that bread unless someone got up early tomorrow morning and baked 208 million loaves and distributed them. Only people who work do that. Without production, without somebody raising the crops or mining the minerals or running the factories or making the deliveries, we have nothing.

But you had some good things going for you--assets that can be found in every rural community. You had self-pride, for one. You had a determination to build something better. You had this magnificent natural setting of mountains and streams. You had people with initiative. And you had the REA and the Blue Ridge EMC.

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I understand that in the last 5 years alone, more than 3,500 new homes have been built in this area, adding millions of dollars to local tax bases; since 1961, 41 new industrial plants have been established in the 5 Blue Ridge counties and 90 existing plants expanded, creating 8,500 new jobs; the total number employed in industry in 1971 was 45 percent greater than in 1961. Rural development really means something with accomplishments like that.

You have recognized the importance of training for young people.

During the past decade, 12 new high schools have been opened up as this area has grown--and two community colleges. These are the best kinds of dividends from rural development--and the best foundations for the future.

I would like to see many other rural areas take a page from your book, especially the page that has to do with the training of young people, and older folks as well, who have never shared in gainful employment. I refer in particular to your "Job 70" program of human resource development.

Blue Ridge has also helped bring together resources for education and employment to provide training for specific jobs in industry. As a result, local people have not had to leave home to seek work--the jobs have been created close to their homes. And prospective employers have received valuable assistance in recruiting and training workers to run their machines.

What we are seeing happen here is a healthy economic growth all across the board. I was particularly interested to learn, for example, that during the decade from 1961 to 1971, agricultural income in this 5-county area increased 120 percent, from \$37.5 million to \$82.7 million. And the Blue Ridge EMC has shared in the region's progress. Its annual operating revenues increased from \$2.2 million in 1961 to \$6.2 million last year.

The number of large industrial and commercial consumers served by Blue Ridge EMC increased from 24 in 1961 to 124 today--they account for a full 25 percent of all the energy you sell.

We get more only by producing more.

Of all the virtues that farmers and their rural neighbors learn from their earliest childhood years, one of the most important is the realization that if you would have more, you must produce more. Farmers know that. Congress could pass a law tomorrow guaranteeing everybody a free loaf of bread. But none of us would get that bread unless someone got up early tomorrow morning and baked 208 million loaves and distributed them. Only people who work do that. Without production, without somebody raising the crops or mining the minerals or running the factories or making the deliveries, we have nothing.

I wish the other rural communities throughout the land--and the cities as well--could see what you of the Blue Ridge EMC are doing here. You weren't satisfied just to sit still and wait for hand-outs to come from Washington or Raleigh. You rolled up your sleeves and went to work.

I was especially impressed with Cecil Viverette's excellent statement in your 1971 Annual Report that more than 90 percent of the employees of this cooperative were personally involved in the development of their communities last year. With this fine example, about one fifth of the area's population--most of them Blue Ridge members--are working in community projects.

You are building more than communities and profits--you are building leadership.

You may think of electricity as your stock in trade--your most important product--the energy that is going to be needed increasingly for the farms and industries and tourist trade here in northwest North Carolina. But the real power in rural development will be the power of leadership. This is the greatest product that your organization or any rural cooperative has to offer.

Keep your sights set on that all-important product. Keep planting it. Cultivate it. Nourish it as a farmer would care for his prize crop. Hybridize it through your contacts and efforts with the Northwest North Carolina Development Association, planning groups, young people's organizations and business firms.

And as a result, my hope is that you may reap a rich harvest of skilled, far-sighted leadership people to guide the destinies of this growing Blue Ridge area for years and years to come.

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NATIONAL BUREAU OF PLANT INDUSTRY

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PLANT INDUSTRY
BUREAU OF PLANT INDUSTRY

The best preparation I had for becoming Secretary of Agriculture was growing up on a family farm where it seemed like the chores were never quite done and where every day brought a new challenge or a different twist on an old problem.

That pretty much sums up my job as Secretary of Agriculture today. As your cowhand on the Potomac, I've always got some fence to mend or a stray to round up, a bull to buy or a calf to clamp, a banker to corner or a trader to sell. And every time it looks like I might settle down for a peaceful night around the camp fire, a dozen fiesty coyotes howl in the moonlight not far away.

So I keep my horse fresh and my guns loaded with facts. And I'm always ready to ride. I confess that I enjoy it that way. President Nixon said he wanted a vigorous spokesman on behalf of farmers and ranchers--and that's what I intend to be as long as we still have chores to do and challenges to wrestle. You folks out here on the Great Plains--with a great tradition of tackling your own problems--understand the chores I'm talking about.

We're going to have to keep riding hard in the range war over beef prices.

Not many weeks ago, cattle prices finally reached the level of 20 years ago. As that happened we began to hear agitation for "price controls" on food--meat in particular, and beef specifically. It didn't take me long to tell the world what I thought of the situation. I said it's about time the prices farmers and ranchers receive for beef got up to the level of 20 years ago. After all, farm cost levels are 50 percent above what they were 20 years ago, and hourly wages of the Nation's labor force have more than doubled in 20 years.

Address by Secretary of Agriculture Earl L. Butz before the Joint Convention of Nebraska Stock Growers Association and Sandhills Cattle Association, Chadron, Nebraska, June 8, 1972, 2:00 P.M.

I knew that the facts were on the side of the cattleman. And I stumped the country to take advantage of every opportunity to take those facts to the people.

The open minded citizens of this country took a searching look at agriculture and they made some comparisons. Money paid to wage earners in this country is 240 percent greater than 20 years ago. Money paid to service industry workers is 390 percent more. Yet, total net farm income to the Nation's farmers has stayed about the same--up only a bare three percent in 20 years.

Food prices at the store have increased 43 percent over 20 years ago--but rent is 57 percent higher, and medical care is 128 percent higher. Whereas people 20 years ago were spending 23 percent of their take-home pay for food, they are now spending less than 16 percent of their take-home pay for food that is of better quality, of wider diversity, better packaged, and the safest in the world. Besides, this includes the larger number of meals eaten out of the home.

The gain in productivity among farmers is almost twice as great as in our manufacturing industries. The output per man hour in manufacturing has increased 1.7 times in the last 20 years--but output per man hour of farmers is 3.3 times higher than 20 years ago. Yet the average income of farm people is 25 percent less than for non-farmers.

We took these facts to the people, We told it like it is. We achieved a better public understanding and the furor cooled.

But there is still tension in the air. Beef prices have once again captured the headlines--so we need to keep riding. I firmly believe that, as long as the people understand the economic factors at work in the beef industry, unwise controls will not be imposed which would be grossly unfair to cattlemen and grossly unwise for consumers and the Nation.

When beef prices rise at the store, it's because people want beef. The price reflects demand, and that's the way our economy is supposed to work. Consumers should never forget that fair prices are the best means of insuring a plentiful, reliable, safe supply of beef in this country. Our economy operates on the profit motive, not the loss motive. And the search for a profit is what has made beef go into the tough competition of the marketplace and win an increase in per capita beef consumption from 56 pounds 20 years ago to 115 pounds today.

People must be constantly reminded that there are no price supports on meat, and no production controls. Those who remember the mess we got into when the Government imposed war time meat price controls dread to think of going back to the shortages, the black markets, the rationing, the under-the-counter favoritism, and all the other unpleasantness that came with meat price regulation. I'm going to fight against that.

The only way to have more meat--which is the message that higher meat prices carry--is for farmers and ranchers to be able to make a reasonable profit raising beef. And that will not happen if this great, free, market-oriented and productive beef industry is shackled with controls.

We've got to keep fighting to maintain access to foreign markets where half of the 5th quarter of each beef animal is sold.

Meat by-products--beef tongues, hides, tallow, meat meal, casings--are what some people in the cattle business refer to as the "fifth quarter" of the beef animal. That fifth quarter is worth about \$33.00 a head.

On a weekly Federally-inspected kill of more than 600,000 head of cattle, that amounts to nearly \$20 million each week. "Fifth quarter" exports run over 1 1/2 million tons each year--and the export potential for these products is growing.

The quieting controversy over hide exports should be good news to all of you. Considerable effort was generated to restrict the exportation of U. S. cattle hides--the purported reason being that advancing hide prices caused by excessive exports were pushing shoe prices upward. But the facts turned the tide.

The price of cattle hides in the United States has indeed climbed in recent weeks. The worldwide situation is in a state of adjustment. We have developed a very healthy hide export market. Approximately 40 percent of our entire cattle-hide production goes abroad. Other large hide suppliers have severely reduced cattle slaughter the past couple of years--and thus the total world hide supply has tightened considerably.

But, figured on any realistic basis, the increase in hides for such a brief period should not have added appreciably to shoe costs. They were certainly not great enough to warrant attacking the exportation of hides, which is so important to our U. S. balance-of-payments and balance-of-trade situation.

On May 30, 1972, the Price Commission granted an authorized price increase to certain shoe manufacturers confined to the actual cost of the raw materials going into shoes. Interestingly, the manufacturers are required to lower prices as their raw material costs decline. This should remove any need for hide export restrictions which would cause irreparable damage to the domestic beef cattle industry and possible loss of export markets that have been built up over the years.

We've got to keep hammering away to prevent disastrous transportation tie-ups.

The settlement of the dock strikes--and the Wage Board's action on the agreement--left the transportation battlefront quiet for now.

But we cannot afford to let the economic vitality of agriculture be strangled by a handful of labor leaders who can shut down the transportation industry of this Nation. Your cattle must move from the range to the feeder, from the feeder to the packer, from the packer to the consumer. Rail strikes or truck strikes prevent that. Dock strikes prevent the export of that "fifth quarter" of beef. And all of our efforts to build farm trade with nations throughout the world are for naught when products cannot move to our ports and through our ports.

No one knows when or where the next transportation tie-up will come. I know you are mighty fed up with strikes and strike threats, and you should be. They always seem to come just at the time when your year's income depends heavily on moving what you've produced to market promptly. The most maddening part of it all is that, like the dock strikes, these tie-ups invariably stem from labor disputes in which you have no part and no vote.

I doubt if anybody can even begin to size up the harm that transportation strikes have done to American agriculture. We need to put a stop to this insanity, and there is only one effective way to do it-- through legislation.

We will keep pressing the Congress for action on this critical issue until an effective law is passed.

We've got to remain strong advocates of reasoned solutions to environment problems--and put predators in proper perspective.

When a great industry gains the stature that yours has, it takes on a heavy burden of responsibility and is in the public's eye. We're all aware of the increased public concern about wildlife and the use of chemicals. And you are all aware of Government action in recent months to restrict the use of poisons on public lands and the movement of pesticides used in controlling predatory animals.

I share your concern over these actions--but it is not the intent of these measures to leave you at the mercy of predators. Provisions have been made for emergency use of poisons, and the Government is obligated to help you meet predator threats through trapping programs; use of repellants, early warning of a build-up in predator populations, and research for better predator control.

Without a doubt, the burden on you has increased. You now must watch the situation more carefully and call problems to the attention of the Environmental Protection Agency and the USDA. Your organizations can do much to facilitate this communication. And I, for one, will do all within my power to speak up and to present the facts necessary to keep the predator problem in the right perspective, and I certainly will not stand by while actions are taken which could hit you with heavy losses.

We've got to maintain the most rigid form of self-discipline in the use of animal drugs as well as all agricultural chemicals.

The mandatory DES (diethylstilbestrol) certification program is working because of the excellent cooperation which exists between the Department of Agriculture and cattlemen on the issue of animal drugs and other agricultural chemicals.

You understand full well the need for rigid self-discipline by every cattle producer and feeder with regard to the use of DES. Quite frankly, if some feeders are not fully aware of the public reaction to what would happen if the 7-day certification rule is abused, they ought to be concerned, and you should make it your business to see that they are concerned. The issue reaches far beyond the feedlots, as you well know.

The DES program depends on the reliability of those who are certifying. Laxness on their part could stir up public clamor to upset the whole program, either through imposing extremely severe limitations or by eliminating use of DES.

The challenge is on the cattle industry to be as clean, as careful, as diligent in the proper use of DES as you possibly can be, down to the last man. This is a critically important situation, where the thoughtlessness of a few can jeopardize all and bring incalculable harm to a great industry.

You can count on the Secretary of Agriculture to speak out with facts and reason when DES--and all other agricultural chemicals--are debated. The great productivity of the cattle industry, which lets Americans eat more meat than ever before, didn't come easily ; and I don't intend to let emotion take it away.

Further, you can be sure that the research genius of the USDA and the Land Grant system will continue to do everything possible to seek answers which will maintain the great standards of safeness and efficiency which we all seek for our food.

We've got to continue our progress in obtaining better farm income.

City people want a fair wage, and they should get it. Businessmen want a fair return on their investment, and they should get it. And everybody should realize that farmers and ranchers want a fair return for their work and risk and investment--and they should get it.

We have a real battle on our hands to get the income of farmers and ranchers up to the level of city people. We are making progress. The per capita income of farm people is improving. From 1961 through 1968, per capita farm income was about 68% as much as the average income of non-farm people. For 1969 through 1972, per capita farm income will average about 75% of non-farm. That's progress, but it's still 25 percent under the non-farm average, and I won't even be comfortable--let alone satisfied--until those figures are even.

And we will do better. I'm optimistic and that optimism is growing and is reflected in the fact that fewer farmers are leaving the farm. The decline in the number of farms since 1968 has slowed to 45,000 per year--and that's down more than half from the 106,000 farms lost per year from 1961-1968. But we want to do still better, and I intend to do all I can to make that happen. I know you share with me that goal.

It's too bad every public servant can't have the privilege of knowing cattlemen. If that were the case, the demagogues and the bureaucrats would be able to understand the humbling fact that the American farm and ranch family--when it has its 'druthers--is going to speak its own mind, wrestle its own problems, tend its own business, reap its own harvests, and earn its own keep. And further, public servants--those who you elect to represent you and hired hands like me on the Potomac--need to remember that, when you need help, you are first going to look to your own self-help organizations who can best speak for you and who understand your problems best.

Cattle people have always dealt with their own problems and opportunities very realistically. America's cattlemen have led the Nation in championing the philosophy of maintaining as much freedom as possible for farmers to make their own decisions and manage their own operations for the best money-making opportunities. This symbolizes the cattleman's grand spirit of self reliance.

But just remember, when there's a special chore to be done--this Secretary of Agriculture is committed to your dreams and stands ready to mount up and ride in your behalf.

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FIRST PARTAKER OF THE FRUITS

Carved over the entrance to the Department of Agriculture are sage words once spoken by Saint Paul: "The husbandman that laboreth must be first partaker of the fruits."

Translated into today's speech, those words mean the same thing in 20th Century America as they did in Palestine 2000 years ago. And that message is, farmers should be the first to benefit from their production. Plain sense dictates that those who produce food have first claim on the returns from their labor and investment. That's what keeps the system going.

As you know only too well, the fact is that over much of the period since World War II most farmers in the United States have fought a frustrating income battle. The passing years have seen the farm value of the retail cost of food decline, down to where it is now less than 39 cents of the consumer's food dollar. Through the past two decades farm production costs have climbed steadily higher, even though the rate of increase in cost levels is being slowed by the Phase II economic controls.

We are determined to improve agriculture's financial situation.

Farmers and their rural neighbors are long overdue for a more equitable return for their contribution to national life. The first mandate the President gave me when I took office was to speak out in behalf of farmers--to speak out in behalf of fair returns for farmers--and to couple my words with actions.

I will continue to do my utmost to carry out that assignment. We are making some progress. I'm proud to say that the President has backed me up 100 percent every step of the way.

Address by Secretary of Agriculture Earl L. Butz, Rapid City Chamber of Commerce
Agricultural Dinner, Rapid City, S.D., June 8, 1972, 7 P.M. CDT

I can tell you, without any reservations whatsoever, that the President fully recognizes the importance of a strong agricultural foundation under our national economic structure. It's more than simply a matter of rewarding farmers for their unmatched growth in productivity, which enables Americans to eat better and at lower cost than people anywhere else on earth. It's more than correcting the imbalance between the average income of nonfarmers and the average income of farmers, whose average incomes are 25 percent less than nonfarm people.

Farm people must have profits to accomplish bigger tasks ahead.

Food consumption in this country--particularly meat--is growing. World population is expanding. Demands for food here and abroad will increase enormously during the coming three decades, when the world population is expected to double. To keep our \$300 billion agricultural plant in good working order to provide adequately for our own people and to export is certain to require a fair return for farmers so that farmers can keep our farm plant productive and efficient.

Here in the United States people relish the taste and appreciate the nutritious value of red meat. Farmers are producing 2 1/2 times as much beef as 20 years ago, and the public appetite for beef continues to grow bigger and bigger. If we are going to expand our livestock to match this demand, livestock producers must have a fair return for their labor, for their feed grains and proteins, and for their investment. This is the only way to assure that the meat supply will increase in line with the expectations of people.

A farm economy that is on the move, ever more productive, and dynamically expanding will be a must if agriculture is to fulfill the great responsibilities being imposed upon it. These tasks are huge and diverse--not only food production but also the protection and enhancement of the natural environment, bringing about a more balanced pattern of future national growth, and eliminating poverty-caused hunger and malnutrition.

Only an agriculture with the productive power that we have in America-- only a food production system with the resources and incentives that we possess--could enable the President to make good his vow that no man, woman, or child in this country shall go hungry owing to circumstances beyond their control.

Soon after President Nixon made that pledge in May of 1969, the campaign to wipe out poverty-caused hunger became the most massive undertaking of its kind in the entire history of mankind. And the most successful. Some 15 million people now receive family food assistance. More than 8 million youngsters from needy families receive free or reduced-price meals in schools. Farmers have every reason to be proud of their vital contribution to this vast humanitarian effort to supply adequate, nourishing food to those who through no fault of their own are unable to pay for it.

But those who have the means should be willing to pay a fair, full price for food they want.

We live and work on a much higher plateau than we did even a few years ago. Since World War II, the entire wage and price structure has moved up-- prices of all goods and services, wages, and government costs represented by taxes have constantly advanced. Farm food prices have been slower to advance; as a matter of fact, farm prices for raw agricultural products have been among the slowest to increase. Low farm returns have been a major reason why consumer price levels have not risen faster--while farmers have been in a real squeeze.

Farmers are paying almost 100 percent more in production costs than 20 years ago, 260 percent more in real estate taxes, and are carrying 400 percent more debt. Yet over the same 20 years, prices received by farmers for food have increased a bare 6 percent.

In contrast, wholesale food prices moved up 22 percent during the same two decades and retail food prices increased 43 percent. These increases may seem big--and they hit worst at the lower end of the income scale--but they don't begin to compare with the way that costs of almost anything you can think of have skyrocketed--costs that have been bouyed up by higher income levels.

Some of what is happening in food prices is similar to what has already happened in housing, transportation, health care and other elements of our living standards. Our affluent society demands higher qualities, greater conveniences, improved safety, and protection for the environment. These all cost more, and when Detroit offers them in a new-model car, we pay. The same is true of new homes, furniture, vacations, college educations--the prices of all these have been pushed up by ever higher labor costs and built-in service charges, not to speak of the inflationary rise that the Phase II controls are trying to curb.

The public expects this. Why should it be any different when it comes to food? Expecially, when prices of other items leap, while food prices have crept. Yet when the price of a food item moves up a little due to seasonal or cyclical changes, consumers notice it, and demogogues pounce on it.

One reason why housewives think food is expensive is that they buy it several times a week--they are aware of every little change in price. On the other hand, they buy, say, furniture or a refrigerator once every 10 years and they are not as aware as to what has happened to the prices of those items.

We need a clearer public understanding of the differences between food prices and nonfood prices.

At events such as this tonight, and via radio and TV and the press, I am trying to get across facts on the agricultural industry's need for better income that will help consumers realize what causes ups and downs in food prices.

The cost of the refrigerator I mentioned--the one the housewife buys every 10 years or so--reflects all the improvements, new conveniences, higher wage rates, fringe benefits, transportation charges, and promotional expense involved in building and delivering it. The manufacturer set a price to cover those costs. If the housewife doesn't like the price, she looks for a different refrigerator that fits her pocketbook better. And if the item is popular and selling like hot cakes, the manufacturer puts on more people and steps up his output.

The bigger the market, the bigger the production--and if demand slacks off, the production lines are shut down. In other words, hard goods like furniture and automobiles are supply-dominated items. Also they are products of industries that have kept notching their prices upward, hardly ever to come down.

Not so with farm products. You can't speed up the harvest nor can you shut down the production line, once the seed is in the ground and the farrowing is over, without sustaining heavy losses. There's no short cut to getting a hog up to market weight. Most farm products are seasonal, perishable foods that have to be marketed promptly. When they are plentiful, prices are lower; when they are in great demand, the prices are higher. The price, particularly in the case of beef, is a demand-created price.

It's characteristic of farm prices to fluctuate considerably from month to month. A short while ago the Economic Research Service reported that the retail cost of a market basket of foods produced on farms decreased 0.7 percent from March to April. The same report revealed that the price of lettuce at retail counters dropped from 41 cents a head in February to 29 cents in March, then edged up to 31 cents in April. Choice beef declined from \$1.15 a pound in February to \$1.12 in April, and there was a similar 3-cent drop in pork.

Increased demands, especially for meat, are putting new upward pressures on food prices.

While fluctuations of this kind are bound to continue, the public's appetite for meat and the rising incomes of our population will tend to push up the general level of food prices during the coming months. Many farm prices need to go up, especially for such commodities as eggs, broilers, and potatoes, if farmers are going to make enough from these price-depressed commodities to continue in business.

Consumers--of whom I am one, like everyone else here in this room--must reconcile themselves to the reality of the situation. They must take into account the subnormal income levels of farmers. They must be prepared to pay the going price for higher quality foods--and meals eaten out in luxurious surroundings--just as they expect to pay the going price for golf clubs, new cars, and vacation trips. And they must be aware that there is new food purchasing power and demand being pumped into the economy through the \$150 million a month going into the Food Stamp program.

If and when retail meat prices reach the point where we start hearing another round of complaints, it's inevitable that we'll hear more proposals to tamper with the food production system.

There could be more talk of setting price controls--and if there is, you can count on me to fight again to place the facts on the food situation before all our people. Any attempt to impose farm price ceilings would throw the worst kind of monkey wrench into the whole food marketing mechanism. It would only produce confusion, dislocation, inefficiencies, inequities--and shortages. Just freeze egg prices or beef prices at current levels--tell the Nation's farmers they have no chance to get a fair return--and you would kill the productive power of agriculture.

Instead of holding agriculture down, we must help it expand.

The aim of this administration is to create new incentives for farmers and their rural neighbors, to put the accent on the positive, to create better opportunities for Americans to grow and prosper in our rural countryside. The whole thrust of commodity programs under the Agricultural Act of 1970 targets at gearing farm production to markets at home and overseas and puts agriculture on a business basis, not a welfare basis.

I won't take the time to recite a long list of special steps that we have taken to put more money and new energies into farming--the foundation of the national economy. And these efforts, along with the curbs on inflation, are beginning to show encouraging results. The movement of people out of rural America has slowed down because farm and rural people are seeing more hope.

We still have a long way to go to get the average per capita income of farm people up to a par with other segments of the economy, but we are making some progress.

One of our most important efforts--rewarding to farmers and, more significantly, a benefit for the entire Nation in its international balance of payments--is to open up new and larger markets overseas for American farm products.

As you know, the President's summit conference in Moscow brought about an agreement to establish a Soviet-U.S. trade commission. Secretary of Commerce Peterson will head the American members of the Commission, which will start its deliberations on July 1. I have every confidence that the Commission's efforts will lead to a long-term and mutually beneficial trading relationship with that great country.

It's not stretching the imagination by any means to anticipate that American agriculture--through its productivity and ability to supply the needs of a growing world for food, and aided by a new framework of friendly relations such as is being built with Russia--can prove in time to become a veritable cornerstone for lasting peace among nations.

I'm proud of what we have accomplished. I share your pride in the exciting and promising new role for peace that agriculture will be fulfilling.

My remarks opened this evening with words from Saint Paul, carved over the entrance to the Department of Agriculture. As I think of the challenges and opportunities before us, I am reminded of a companion message which may also be seen over the Department's doorway--words of George Washington: "With reference either to individual or national welfare, agriculture is of primary importance." The times are proving the truth of that statement.

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U.S. DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250
JUL 1 1959

One of the first things about agriculture which every child learns--farm and city child alike--is that plants grow from seeds. Some kindergarten classroom walls are lined with glass-sided planter boxes where seeds have been carefully placed in the moistened soil, right up against the glass, so that the student can watch and marvel at each stage of the growth process--from the time the swollen seed bursts its shell until the stem pushes up through the soil and the first leaves appear.

Long before a child comes to grips with agronomy--the chemistry of plant nutrition, plant physiology, and plant genetics and reproduction--he does learn, from first hand experience, that life begins with a tiny seed and that from it comes the miracle of growth.

Perhaps you folks of the American Seed Grade Association do not realize what a positive public image you have--you are the miracle makers, with every classroom teacher your agent and the inquisitive imagination of childhood as your waiting audience.

Your contribution to the unmatched productivity and efficiency of American agriculture has indeed been recognized--not perhaps as much as it should. Few deserving people or groups or industries really get their full share of credit. But American agricultural productivity shines before the world, and you have had much to do with that.

I have always marvelled at the things you've helped farmers do. I'm especially inspired by it every time I climb aboard an airplane and fly over cornfields. I've been doing a lot of that lately. And it is a thrill to look down on field after field of corn and see those green rows that mean so much to the affluence of this Nation. Those rows are straight and uniform--and from the air they blend into a carpet of green gold. You all ought to be mighty proud of the trophy a field of corn presents to your industry from the air.

Address by Secretary of Agriculture Earl L. Butz at the American Seed Trade Association Annual Meeting, Portland, Oregon, June 15, 1972, 8:15 A.M.

You don't have to take to the air, either, to see the fruits of your efforts. The produce counter at any supermarket, with its wholesome, nutritious, uniform produce, attests to your achievement. And for those of you who have escaped entirely even the gentler winds of Women's Lib--and who seldom set foot inside the grocery store--take a look at your plate. The quality and the taste and the wholesomeness and the uniformity and the attractiveness of the fruits and vegetables you eat symbolize all of the great advances made by our food-producing complex--but they especially are testimony to the marvelous magic which your research has packed into those tiny seeds.

From the early days of the development of hybrid corn, the seed industry has climbed in scientific prestige and farm hero-worship. Farmers--and society for that matter--have grown to expect from you a constant supply of the latest hybrid seeds and new varieties produced in line with the newest and most dramatic genetic discoveries. Let's be blunt about it--we almost take your achievement for granted.

An Iowa farm boy, named Norman Borlaug, developed in Mexico hybrid varieties of wheat which revolutionized worldwide food-grain production and which has made India nearly self-sufficient in wheat and helped Pakistan make remarkable progress in that direction. Oh yes, other factors were involved. But the customs which must be changed, the techniques which must be learned, and the tools which must be financed and manufactured and distributed for any general agricultural revolution take years, decades, sometimes centuries. The wheat revolution in India happened quickly--and it came in the form of seed, developed through the greatest scientific knowledge in your industry. Dr. Borlaug has earned and has received credit for this finding. But every salute he receives places your industry on a firmer foundation. Because of Dr. Borlaug's great contribution, mankind is more than ever aware of what your industry has done and can do.

Another event which put you in the spotlight lately was much less glamorous. I am sure it cost many of you sleepless nights, an epidemic of ulcers, concentrated high blood pressure and probably something like what every farm boy remembers as the green-apple scours. That was the Southern Corn Leaf Blight experience of 1970. What a scare that was. Yet, we need to be objective enough about that situation--and the 1971 record corn crop that followed--to see the positive factors involved.

Seldom has one industry which serves farmers been placed so much in the spotlight. Even little-old-ladies-in-tennis-shoes were impressing their farm kinfolk by asking questions about "t-corn, normal-corn, or blend-corn."

Your South American, Caribbean, and Hawaiian test plots--until then unknown and uncared about--suddenly made farm magazine and newspaper headlines--and were featured on network broadcast news. Many farmers slept with one eye open, their 1971 supply of seed corn stored safely under their beds, while new brighter protective pole lamps lighted farmsteads and new locks guarded the doors--all to protect that precious seed corn supply for the 1971 crop.

No one predicted the favorable weather and growing season which gifted 1971 with precious little corn blight--but your performance and the seed you provided could well have kept us from real corn supply problems. You deserve commendation for your efforts year after year, to keep ahead of plant diseases and their potentially ruinous consequences. Your efforts to breed and distribute resistant varieties are appreciated.

You are, obviously, a very key factor in the farmer's ability to be a success. You are, at the same time, very dependent upon a sound and prosperous farm economy for your own success. The farmer is your customer. His opportunities are translated into your opportunities--his hardships, your hardships. You are somewhat like the Secretary of Agriculture--it's your job to serve the farmer, and you're dedicated to it. And like the Secretary, the only way you can really succeed is for the farmer to succeed--and when he fails, you fail.

So, first and foremost in our bond of mutual concern is our shared desire to see the American farmer prosper. That's the charge President Nixon gave me when he asked me to serve as Secretary of Agriculture--and he has supported me in every step of the way. And I intend to do all within my power to enable every farmer to earn for what he invests, for the work he does, and for the risk he takes a return which is at least as good as the return earned by others in the economy.

If this is to happen, it must be clearly understood that a prosperous, thriving farm economy is dependent upon a sizable, dependable--and expanding--export market.

The importance of farm trade has become a generally accepted tenet of sound farm prosperity nearly throughout agriculture. I know you understand it.

After all, the production of nearly one crop acre in four is exported--and exports account for half of our wheat, half of our soybeans, half of our rice crop, more than a third of our cotton, one-fifth of our feed grain sales, and a generous proportion of many other crops. Loss of our export markets--or a marked reduction--would be disastrous. I don't have to tell you what it would mean to seed bean business, for example, if we lost the soybean export market. And you can quickly calculate what loss of other export markets would mean to you. But the loss and the repercussions to the American farmer would be devastating. We must never forget that.

Because of the importance to farmers of abundant and dependable and expanding exports, we are doing everything we can to facilitate and foster farm trade.

The results of the Farm Act of 1970 have been most encouraging. Not only have farmers responded favorably to the set-aside provisions and the freedom-to-plant aspects of the program, but production has generally been at levels which are now yielding reasonably good prices for farmers for increasing quantities of crop--since our prices are competitive enough to move sizable quantities into export.

This philosophy was behind the much-talked-about adjustment in soybean price supports in 1969. Those few who favor artificially high supports and strict production controls screamed bloody murder--but the remarkable performance of the soybean market has been evidence of the wisdom of this move to put soybean supports at market-stimulating levels. American soybeans regained their competitive status, exports have grown, and soybean prices have now increased steadily to where they are the highest in 25 years. The result has been an increased market for more soybeans at better prices--and that translates into more money in the pockets of soybean farmers.

Total farm exports, which were in a discouraging and dangerous slump in 1968, recovered and broke all records in 1970 and 1971--with another possible record in the offing for 1972.

Many factors in addition to our Farm Programs contributed to these records. President Nixon lifted the burdensome regulation requiring 50% of all grain sales to Communist Bloc countries to be shipped in American bottoms. That helped pave the way for an historic \$150 million feed grain sale to Russia in late 1971--and it substantially strengthens the competitive position of U.S. grain traders in their negotiations today.

I have fought tooth and toenail--and will continue to do so--to keep our Nation's docks open. Transportation strikes--whether they be in the trucking industry, on the railroads, or at the docks, probably hurt farmers more than any other group--and farmers have no voice and no vote in such disputes. Once a ship from Japan leaves an American port to steam for Mexico or Argentina to buy grain, the sale of that shipload of grain is lost to American farmers--to say nothing of what happens if that grain buyer doesn't return to the United States on his next trip to buy grain.

Farmers badly need the Congress to pass effective legislation to make sure that farmers are never again victimized by transportation strikes as they have been in the past, especially in 1971. I, for one, will not relax in my own efforts until such a law is enacted.

I believe that we can count on even greater trade expansion. About two months ago, at President Nixon's request, I went to Russia to talk about farm trade. While there, I met with Soviet Party Chief Leonid Brezhnev. At that time, I was the only American official to have met with him since he succeeded Nikita Khrushchev in 1964. And we talked about farm trade. It became very clear to me that the Russians are in the market for feed grain. They've promised their people an increase in meat--and they just don't have available the grain and protein necessary to produce that meat. They need grain. And they know we have grain. Sometime, I'm confident, we are going to establish further grain trade with Russia. That subject was part of President Nixon's trade talks with the Soviet Leaders. American farmers--and all those who serve the American farm economy--can be justly proud of the prospects that a shipload of corn or soybeans may very well be the cornerstone upon which lasting and meaningful world peace is built. But, closer to home, the possibility of such trade and its continuance will be a mighty source of increased income for American farmers.

Just as the record exports of the last three years were not easily achieved, neither will they be easily maintained. While the great majority of American farmers understand the economics of agriculture and the importance of exports and an expanding farm economy, there is a minority voice rumbling in agriculture--more often than not with political overtones--that would return the farm economy to the policies of restriction and controls of the 1960's.

The contrast between an expanding agriculture and a shrinking agriculture will be the subject of discussions in the months ahead. And it will behoove all of you--and every farmer--to weigh the words of the debate carefully and judge what will best serve farmers in an industry geared to producing far more than we can consume domestically. It seems clear to me that there is absolutely nothing partisan about enabling agriculture to expand rather than shrink. That's sound economics. That's practical farm horse-sense, it seems to me. And the facts substantiate the wisdom of expansion.

The philosophy behind the Farm Act of 1970 and all of our efforts to expand exports is paying off in the place where it counts most--in farm income.

Gross farm income for 1972 will set a record for the 4th year in a row. The 1972 total of \$63 billion still isn't good enough.

Realized net farm income for 1972 will be \$17.5 billion--breaking the all-time high of \$17.1 billion set 25 years ago. But this is still not a fair return to farmers for their labor, their management, and their investment.

Average net income per farm will set an all time high in 1972--but it needs to be even higher, and I intend to work to make it so.

The per capita income of farm people is still only 75 percent of the level for non-farm people--and I won't rest until it's at least 100%. But we're making progress--75%, under our policy of expanding agriculture, is a real improvement over the 1960's when the average was 67 percent.

Our trade and farm program policies--and their improved income results--are proving themselves in another way. Farmers are benefiting and--as a result--fewer farmers are leaving the farm, the best possible evidence of their optimism.

The average annual decline in the number of farms for 1970, 1971, and 1972 is less than half the average annual decline experienced in the 1960's. Again, we want to do even better, but this is progress.

No other goal is as important to me as the vitality and the prosperity of the American farmer. I favor--and will work for--those things which will be of real benefit to farmers in their effort to earn a better income and live a better life. And I oppose--and will scrap against--anything and anybody who would shackle the American farmer, or diminish his prospects for a just share of America's prosperity.

I know you join me--after all, no other industry provides a product so dear that a Corn Belt farmer will store it under his bed, bolt the back door, and sleep with one eye open to protect it.

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ANATOMY OF THE BEEF PRICE SITUATION

We've been fighting a rather extended public and private battle these last few months over food prices, meat prices specifically, and beef prices in particular. The charges and the counter-charges in the controversy sometimes have been as thick as victory claims before a primary election. I've made it quite clear where I stand on the matter.

When cattle prices in Omaha reached the level of 20 years earlier, I said--it's about time! And I meant it. After all, during the same period, farm production costs doubled and hourly wages of the Nation's labor force more than doubled.

When the Price Commission wanted to investigate beef prices, I said--go ahead! And I meant it. I know farmers and ranchers have nothing to hide. And, as the facts have been examined, the beef producer has grown in stature in the eyes of the public as the public gained a better understanding of the farmer's contribution to the economy, his magnificent performance in feeding the nation, and his burdensome problems.

Most important of all, the increased understanding of the basic soundness of the beef producer's position prevented controls from being placed on meat prices. I'm proud to have been in this fight. Shortly after the Academy Awards were presented, the Newspaper Farm Editors of America presented me with a symbolic "Wounded Steer Award" for my efforts to fight off beef price controls. And that trophy sits proudly behind my desk.

Address by Secretary of Agriculture Earl L. Butz at the 4th Annual Symposium of the California Livestock Association, Fresno, California, June 15, 1972, 7:30 p.m.

No fierce competitor can afford to stand--or sit--on his laurels, however. After a couple of month's decline in meat prices, there was a slight upward movement again in late May. The Price Commission and the cheap-food advocates are growing restless again, so I'm now back on my horse again, riding the same trail--firing the same facts--seeking public understanding of beef prices and beef production. Tonight, at this great livestock gathering, in this great cattle state, I want to set forth some hard facts and a very straightforward explanation of the reasons why beef prices have improved and what we can expect in beef prices down the road.

To begin with, let's take a look at beef prices. Beef prices are demand-dominated prices. In the short run, you just can't get any more beef--the supply is invariable because beef is so perishable. Price, then, at the moment is basically determined by consumer demand. If demand surges upward, beef prices will climb. If demand falls off, beef prices will drop.

This is in contrast with something like refrigerators which are supply-dominated. Refrigerators are made at a factory and factory prices reflect all the costs of production along the way as well as a profit for the manufacturer. Refrigerators won't spoil. They can be stored or moved from San Diego to Sacramento. If demand is off, the refrigerators are held. If demand is up, more refrigerators can be brought from the warehouses or can be built quickly. Another fact: Refrigerator prices climb each year, usually with a new model, but they seldom fall. These are hard consumer costs--they are firm--they keep moving up. Meat prices are soft consumer costs; they fluctuate; they move up and down.

So, the beef price situation is affected by this fundamental principle -- beef is a demand-dominated market.

Farmers and ranchers have increased their beef production by a magnificent 2-1/2 times in the last twenty years -- from 8.8 billion pounds in 51 to 21.9 billion pounds in 1971. Now that's a tremendous increase. Normally, an increase of 2-1/2 times in beef production -- while the population increased by only about one-third -- would tend to depress beef prices. But ~~it~~ has not.

Beef prices have not been depressed because this increase in production has been in response to a remarkable increase in beef demand. In fact, in the last 20 years, annual beef consumption per person in this country has doubled -- from 56 pounds per person 20 years ago to 115 pounds per person today.

Several factors are responsible for doubling our demand for beef:

- * The rising affluence of the American Consumer--Rising real wages have had a marked affect upon buying habits. People want beef -- and, as they have enjoyed more and more real wages, they have been buying more and more beef--and better quality beef, too. This is by far the greatest single factor in increased beef consumption.
- * Substantial increases in the Food Stamp Program--Food Stamp expenditures have leaped from \$250 million in fiscal year 1969 to \$1.9 billion during fiscal year 1972--a 660% increase. In April of 1972, 11.5 million people were participating in the Food Stamp Program. One of the first items purchased with added dollars in the food budget by consumers eligible for Food Stamps is meat, preferably beef.

* Widespread boosts in welfare payments--Programs at all levels of government have vastly increased welfare payments to those on the lower end of the economic ladder. The tendency to transform added income into an improved diet is greater at lower income levels. So, a substantial portion of each welfare dollar goes for good food. In a preponderance of cases -- that means an increase in meat purchases, beef wherever possible.

This is as it should be. Not only are we dedicated to eliminating hunger, we also want people to enjoy the great productive affluence of this nation.

Since beef is a demand-controlled market, it is only reasonable that the constantly increasing affluence of the American consumer, abrupt increases in Food Stamp use in the last three years, and rising welfare benefits would have a marked upward effect on beef prices. This is precisely what has happened. The supply of beef could not change quickly. The only way supply could really have increased measurably in the short run would have been to slaughter cows and heifers. And when that happens the piper really has to be paid 18 months later. Instead, prices have increased -- giving signals through the market to the beef producer that increased supplies are needed. In a nut-shell, beef prices have risen because of increased consumer demand, and this is a market signal to induce increased beef production.

To better understand the beef supply situation, let's look at how farmers have increased beef production by 2-1/2 times in the last 20 years, and meat imports as well:

- * Increased Beef Cow Numbers--The size of our beef cow herd has expanded over the past 20 years. The number of beef cows was about 20 million in 1952. Cow numbers now total nearly 39 million. That has been a gradual increase--but it's been a key factor in increasing beef supplies.
- * Switches from Dairy to Beef Production--In the last 20 years, the number of milk cows has dropped from 21 million to just over 14 million. Some cows once kept for dairy purposes--and entire herds in many cases--have been replaced by beef animals.
- * Increased Beef Feeding--This is by far the largest single factor in increasing our beef production. Evidence is clear--20 years ago only 1/3 of our beef was Choice grade; now 60% is Choice grade. Whereas about 1/3 of our beef was fed beef in the mid-40's, and less than half was fed beef 20 years ago, more than three-quarters of it is fed beef today.

We've got to where we feed out almost anything that can hold a mouthful of feed. We used to knock some dairy bull calves in the head--now we feed them. We used to slaughter the meatier dairy calves for veal at 150 pounds--now we feed many of them to 1000 pounds. Veal production has dropped drastically--from nearly one billion pounds in 1951 to just over a half billion pounds in 1971.
- * Increased Beef Imports--Beef and veal imports have increased even faster than our beef production--they are 3.7 times larger than 20 years ago. However, beef imports amount to only a small percentage of our total U.S. beef consumption--less than 5%.

Now, the real question is, given our sources of increasing beef supply, how do things look down the road? First of all, to get the full picture, we need to look at projected consumption trends.

Annual beef consumption per person will soon reach 120 pounds, and the projection for 1980 is 130 pounds per person. This, coupled with the projected population increase, will demand a one-fourth increase in beef tonnage in just the next eight years.

No matter how we slice it, that increased beef tonnage is going to be hard to come by. To see why, let's look closely at the potential in the various sources of increased beef supply:

- * We don't have a place for very many more cows--We can't add too many to the range where grass is already short and where the water supply is limited. In the Corn Belt, on level land where corn is king and soybeans are queen, beef cows can't really compete; the economic facts are that Corn Belt farmers can make more profit per acre raising corn and soybeans than beef calves. Some increase in cow numbers is possible in the fringe area of the Corn Belt--at the margin we say. These are usually rough areas where some years a farmer can make more money with corn and beans, and other years beef cattle would be more profitable. He will go with the one that looks like the best bet--so there is marginal potential for increasing cow numbers on the fringe of the Corn Belt. The South is the primary area where cow numbers are likely to increase.
- * We have made most of the shift from dairy to beef--Most of the marginal dairy cows have been culled and most of the marginal dairy herds have already given way to beef herds. This transformation is nearly completed.

- * We have closed the greatest part of the feeding gap -- The prospects for increasing beef production through feeding really boil down to increases in efficiency. Probably we cannot achieve the increases in efficiency through feeding which we have in the last twenty years--though it is possible to make further improvements.
- * Meat import supplies just aren't there -- Even without meat import quotas, it would be difficult to import more beef and nearly impossible to get the more costly high quality beef the American consumer prefers. Worldwide meat demand has escalated in relation to supply. The European Community has become an extremely competitive market for the major beef exporters--Argentina, Australia, and New Zealand. United Kingdom beef markets are taking Irish beef which might have come to us. Internal beef demand in Canada will reduce potential Canadian shipments to the U.S. And New Zealand's beef supply is down. And around the world, because of attractive prices, cattle producers are holding back cows and heifers for herd building that might otherwise have been slaughtered. It is simply a fact that a cow produces just one calf a year, and in times like these modern livestock industries save females for breeding.

So, the prospects down the road are for beef prices to be strong as long as beef demand is strong. In the long run, increased beef production will occur at the margins: 1) in those fringe areas of the Corn Belt and elsewhere as beef production is weighed against other attractive alternatives; 2) in shifts from dairy to beef production, which from now on will be limited; 3) at the feeding margin where maximum efficient

feeding periods and maximum feeding efficiency have been nearly reached; and 4) in the international market as the growing worldwide demand for beef makes other markets an increasingly better outlet for beef export nations.

No matter which margin is approached, there must be ample inducement if beef production is going to be increased. That inducement must come in the form of beef prices--prices substantial enough to induce the Corn Belt farmer to raise cows and calves instead of corn and soybeans, prices substantial enough to make beef production more profitable than dairying, prices substantial enough to make longer feeding pay, prices substantial enough to outbid beef buyers in other parts of the world.

The chief source of increased beef production will be in this country, with the people who are now in the beef business. But it must be clearly understood that increased beef production will not be automatic. There must be profit in it. If we are going to get more beef production--it's got to be profitable enough to pull the resources involved--financing, land, labor, equipment, and management--away from other alternatives.

I'm really saying that the facts of the matter don't indicate markedly cheaper meat prices down the road. But the way to increase meat supplies is to have strong prices. That will induce gradually increased beef production.

But beef prices are not high! Every American needs to understand that fact. What has happened with meat prices happens all the time with other goods we buy. We demand better quality in a product--greater safety, more convenience, freedom from pollution. These items cost more, and when they are built in, we pay for them. This is true with services, too. We expect it. We know that if we're willing to pay more, we'll get more.

Well, it's time that every citizen faced the same cold facts in agriculture—in the food industry, especially with meat. If we want more meat—and we seem to— then we've got to pay a fair price for it if we expect the farmer to produce it. It's as simple as that.

Looking still further down the road, if we want to assure a still larger supply of good meat for the increased numbers of our children and grandchildren who are growing up, the best way to achieve that will be to put a little profit on the range and in the feed lot. In this respect, the beef industry is just like every other sector of our great American economy.

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For A.M. Release June 16, 1972

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COOPERATING FOR COTTON

It is a great inspiration for any American--especially for the Secretary of Agriculture--to come to the famous San Joaquin Valley and see modern, commercial agriculture at its best--producing food and fiber in vast quantities to meet the needs of the people throughout this Nation and the world.

Three of the Valley's seven counties--Fresno, Tulare, and Kern in that order--rank first, second, and third among all the counties of the Nation in the value of gross farm marketings. Last year these three counties alone accounted for \$1.27 billion in gross farm income, which exceeds the total of any one of 37 States in the Union. They are a powerful reason why California is far and away the Nation's No. 1 agricultural State in dollars of farm product sales.

And cotton, of course, looms high in this leadership situation. About 85 percent of California's cotton is grown here in the Valley. Year in and year out, cotton has ranked at or near the top of California's list of foremost cash crops--a bulwark of the agricultural economy of this western region.

It took vision and cooperation to create your strength in cotton.

When I say "vision and cooperation," I mean those terms literally. I think of men with vision like Lloyd Frick, a pioneer of this organization who served for many years as your president and board chairman--or Russell Kennedy, who introduced a new concept of cooperative management to Calcot, and whose vision is helping guide Cotton, Incorporated, and Cotton Council International--and people like Bill McFarlane, Sam Seitz, and Joe Sheely.

Address by Secretary of Agriculture Earl L. Butz at 45th Annual Meeting of Calcot, Ltd., Bakersfield, California, June 16, 1972, 7 P.M. PDT

When I speak of "cooperation" I am talking about the 3,700 cotton growers in California, Arizona, and Nevada who have joined forces to make Calcot one of the outstanding cotton marketing cooperatives in the entire world. You who are the farmer-owners of Calcot have pledged to your fellow members your willingness to assume your share of Calcot's financial responsibility. You have invested an amount sufficient to furnish modern, adequate facilities and financial strength. Most important of all, you are willing to take an advance a little below the market, with the remainder of the net proceeds to come as your product is sold--this is a key to your success in competing daily in the marketplace.

This kind of cooperation has created impressive assets--your bale handling and quality evaluation facilities rate with the best in the world. Your cooperative effort has led to technological vision--you have taken the lead in such important matters as automatic bale sampling, clearspan warehousing, gin compressed bales and similar advances that add to the intrinsic value of cotton as a fiber that industry wants to process.

And through your kind of cooperation, you have generated managerial skills, well exemplified by your elected board of directors. Back along the Potomac River you have a fine reputation as a good example of how farmers can pull together in the grower-ownership of facilities, hiring the best managerial brains, and marketing their own commodities for greatest possible financial advantage.

Despite crop disappointments, Calcot cooperation is reaping financial success.

I said that here in the Valley we see commercial agriculture at its best. I am well aware, however, that back in the early 1960's the crop was much better, with yields exceeding 1100 pounds per acre. I know you haven't had a really good harvest since '68.

I realize also that a drop-off in yield per acre to last year's average of 723 pounds in California was disastrous--I wish the American public could understand the risk and hardship and disappointment nature imposes on farmers when weather conditions and onslaughts of insect pests cause the kind of set-back you endured last year.

Nevertheless, you took your lumps and thanks to the vigor of Calcot, even a bad crop year like 1971 proved to be fairly successful for cooperative members. Additional earnings for members who belong to Calcot and the family of cotton cooperatives amounted, I understand, to around \$25 a bale--\$50 an acre on two-bale production isn't bad.

The groundwork has been laid for better times ahead for cotton.

I enthusiastically share your hopes that the situation is going to turn around for cotton--a turn-around for a much more satisfying business for you of Calcot and for producers throughout the Cotton Belt. As far as the 1972 crop is concerned, all signs suggest you are off to a good start. If we have another good year approximating 1968 conditions, many of your members will be in a position to realize good returns--even though the public, the consumers and your mill customers unfortunately may not realize that a large amount of what you earn will have to be used to pay back debts accumulated during the years of declining yields.

As the year progresses, you will have many good things going for you. The formation of Amcot, brought about through the merger of Calcot with three of the other largest cotton marketing cooperatives, will give you tremendous new potential for further market development abroad. This is the kind of aggressive, do-it-yourself approach to marketing that is bound to add strength and fiber to America's agricultural industry in a new era of expanding foreign trade.

The Administration is putting strong emphasis on expanding overseas markets for all farm commodities--the President has set an export goal of \$10 billion a year. Cotton has a potentially important place in these efforts.

Two cotton marketing teams recently returned from the Far East and Western Europe--Amcot was represented by Robert Squires of El Paso on the Far East team and by Tom Akers of Bakersfield as a member of the European group. Both teams brought back good news that U.S. cotton is very much needed in world markets. If adequate supplies are available in 1972-73 at competitive prices, increased purchases in both Europe and the Far East--particularly the Orient--will be a certainty. In fact, foreign buyers have already bought a million and a half bales for delivery during the 1972-73 season.

Consumer demand for cotton products is on the rise in the Far East and Western Europe--just as an upswing in consumer interest is taking place here in the United States. Foreign buyers were obviously interested to learn that American farmers have planted an estimated 13.5 million acres to cotton this year and that if good weather holds up, the 1972 crop will be much larger than last year's and perhaps the biggest since 1965. Many of our foreign friends have bought American cotton over a long period of time. They like our quality. They have confidence in the reliability of U.S. suppliers. I think we have a good chance this year to recapture some of the markets lost during the recent years of declining yields.

Forward contracting contributes to market stability.

The marked increase in forward sales--negotiated in many instances even before planting--is another good thing you have going for you. The marketing missions explained this development in considerable detail during their recent visits overseas, pointing out that this assures supplies at an established price.

As recently as two years ago, only 8 percent of the California crop was forward contracted. Last year, the percentage moved up--to 28 percent. This year, as of May 1, 46 percent of your cotton, which is just starting to bloom, has already been contracted to merchants or mill buyers. The same trend is taking place throughout the Cotton Belt. In 1970, 11 percent of the total U.S. crop was forward contracted. On May 1 of this year, just a short way into the season, 39 percent had been sold at prices ranging from 26 to 34 cents a pound.

To my mind, this is a highly significant movement--and it ties in with the increased planted acreages this year. USDA estimates disclose that as of March 1, California farmers intended to plant 12 percent more cotton acreage than last year. We'll have a better fix on this early next month when the first official crop report comes out.

Even more noteworthy than the increase itself is how the acreages compare with the allotment acreages on which payments will be made. The sign-up data indicate that participating California farms have around 500,000 acres of cotton allotment--but the planting intentions report showed 850,000 put to cotton. This means that under the freedom-to-plant provisions of the 1970 Act, there may be about a 69 percent overplant of the allotment. Only one other State has a higher percentage--Louisiana, at 76 percent--although Mississippi, Arkansas and some others are running high, also.

Numbers like these tell me that King Cotton is alive and kicking--in spite of your discouragements during the last few years. It is estimated that cotton payments soon to be made here in California under the 1972 program will amount to close to \$75 million. And if the crop stages a good comeback, you'll really be back in business in fine style!

All signs point to the fact that the cotton program is working.

By breaking away from the rigid system of allotments and quotas and penalties for over-planting, the 1970 Act marked a positive step toward the common-sense goal of gearing the output of major commodities to the real demands of markets. The set-aside concept is helping farmers maintain their money income while adjusting their planting and farm operations to take advantage of efficiencies and profit potentials.

In the meantime, the new programs are helping us work down excess stocks that invariably depress market prices. It's plain common sense that Government programs should encourage farmers to work for the best market opportunities instead of producing for the loan. Cotton agriculture is beginning to prove the soundness of that approach. Come next August 1, the Commodity Credit Corporation will hold only about a thousand bales of upland cotton. The new provisions in the 1970 Act with respect to the so-called "anniversary loan" program enable farmers, through business associations like yours, to control the carry-over and keep reserve stocks in better conformity to anticipated needs of domestic and foreign users of cotton.

The new system is working, it has great promise, and in my judgment it would be just plain senseless of certain members of Congress--some of them far removed from everyday working knowledge of cotton and its problems--to make proposals that would upset the apple cart. Such as the idea of lowering the payments limitation. This I oppose for two specific reasons in addition to everything else I have said. First, the Congress entered into a three-year contract with farmers when it passed the 1970 Act; to change the terms at this stage would be a serious infraction of that contract. Second, the attempt to amend an established, substantive law by tampering with the appropriations which support that law, would be a dangerous and foolhardy precedent.

We are moving ahead on the cotton front, but much remains to be done.

In this day of modern technology and automation, when chemical plants can turn out great volumes of manmade fiber to exact mill specifications--and free of dust and trash--any natural fiber obviously faces terrific competition at the textile mill door. Yet cotton possesses special attributes that consumers like and want--and I am convinced that the kind of cooperative, frontal attack you are making on cotton marketing problems can succeed in reducing many of the other problems cotton faces.

I am convinced that with your support, a vast amount of progress can be achieved for cotton. Many of the answers no doubt will come out of intensified research--research of a scope and depth never before attained.

At this very moment, under the aegis of USDA's Science and Education division, the National Cotton Research Coordinating Committee is making a comprehensive review of all aspects of cotton research. The Committee is made up of the cotton research managers of the Agricultural Research Service, regional laboratories, State experiment stations, Cotton, Inc.--all the organizations using public funds for researching cotton. The Committee is scrutinizing the full range of scientific work on cotton--from genetics, production practices, pest management, and harvesting methodologies through ginning and textile processing to such fabric improvements as reduced flammability and durable press.

You may be sure that particular attention will focus on ways to combat the decline in yield, on means to reduce dust hazards that cause trouble in textile mill opening rooms, and on every feasible approach to making cotton a product more profitable to growers and more attractive to mill customers and the consuming public. By the end of summer the Committee expects to be in a position to set priorities for a nationwide research attack, amounting to some \$30 million a year, on cotton problems.

All agriculture is moving into a new era of change--and cotton is no exception. We are entering a realm of science where the frontiers are not horizontal, but vertical--and unlimited.

New farm programs, special measures on behalf of farmers, more research, and foreign market development--through all such efforts the Nixon Administration is proving its determination to help agriculture move forward.

And America as a Nation is likewise moving into a new era--an era of transition from the waste of war and the sterility of huge defense budgets to a period of economic expansion at home and new harmony among the great nations of the world.

It is for the attainment of these goals that President Nixon is spending so much of his time and energy on such historic missions as Peking and Moscow. As he is able to move the major world powers toward mutual understanding and peaceful co-existence, trade will expand, mutual trust will grow, opportunity for purposeful self-expression will flourish, and generations yet ahead of us can experience a happier, more satisfying, more peaceful existence.

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The Agricultural South in a Growing America

The Secretary of Agriculture has one unique opportunity which few other government servants have. He has some chance, nearly every day, to stand up and talk face-to-face with the people he is working for -- the farm families of this great land.

Now that could be a disadvantage, I guess. I suppose not every politician is able to look straight in the eye at the people he is supposed to serve. But I consider this chance to meet with you here, in this grand coliseum, in this gracious State, a real privilege. And I am indebted to the Southern Association of State Departments of Agriculture for making this occasion possible.

One reason why I am so proud to be your hired man -- and that is exactly how I see my job -- is that I believe in the future of Southern Agriculture. Nobody wants to be the hired man of an outfit with no future -- every man wants to be a winner and a member of a winning team. Let me assure you that I would not have packed up Mrs. Butz to scurry off to Washington to be your hired man on the Potomac if I didn't feel that there was a bright future for you and for all of American agriculture.

Address by Secretary of Agriculture Earl L. Butz before the Southern Association of State Departments of Agriculture, Jackson, Mississippi, June 26, 1972, 11:00 a.m., C.D.T.

Now, that bright future isn't going to happen because of any magic that I am going to perform as Secretary of Agriculture -- though I intend to do a yoeman's job speaking out in your behalf and making the Department of Agriculture work for you. And the Congress of the United States, despite the grand efforts of your able spokesman there, is not going to guarantee any bright future for you -- though I hope that you and I can help the Congress make decisions that reflect an enlightened understanding of the role and importance of the farmer to this grand Nation.

And, despite their potence and dedication to your cause, the State Departments of Agriculture are not going to singlehandedly deliver a bright future to you -- though I am confident that their service to you and the benefits you reap as a result will be tremendous.

The real reasons your future is bright are your potential for participating in an expanding farm productivity; your proven ability to adapt to changes taking place in the American agricultural economy; your philosophy of freedom and dedication to hard work; and the initiative of your people who, in reality, will make your own future.

Southern agriculture has an exploding potential to expand farm productivity. Here in the great South we are seeing the most magnificent growth, the most vigorous expansion, and the most remarkable shifts in opportunity in American agriculture -- and those dynamic conditions are more prevalent than ever.

Let me talk about just one area with huge potential: One of the bright spots in your future is the beef industry -- primarily the cow and calf operations which form the base for our entire beef industry.

I've been wielding a sharp cleaver these past few weeks hacking away at the misunderstanding over the meat price situation. Lots of people have tried to put farmers on the chopping block -- but I have fought to prevent that, and my strongest leverage has been in having the facts on the side of beef producers.

I've said before, and I will say now, that cattle prices are not high! Yes, beef prices have risen -- mainly because of unprecedented increases in consumer demand. That's been the result of increased wage-earner purchasing power and increased food-buying dollars in the pocketbook of low-income families through expanding Food Stamp and welfare programs.

These extra available dollars -- and consumers' preference for good beef -- have moved beef prices upward. And these strengthened beef prices are signals to farmers to produce more beef. That's what prices do: that's what markets are all about.

But more beef isn't automatic. You can't increase beef production overnight. Sure, we could slaughter more cows and heifers -- but we would just have to pay the piper later. The only way to really get more beef is to expand cow and calf operations --

and that takes time. No one has yet found a way to get a two-year old heifer in anything under 24 months' time. That's just the way it is. It is biological.

And that's not the only problem. Even if we could get more cows tomorrow, there has to be a place to put them. We can't put too many more on the western ranges -- grass and water supplies are already being taxed close to the limit. We've already replaced most of our inefficient dairy herds with beef cows -- so that doesn't really offer much possibility. Not many more cow and calf operations can go into the Corn Belt where corn and soybeans remain a better profit possibility for Corn Belt farmers. Some farmers at the fringe of the Corn Belt may shift to producing calves. But the main potential for increasing beef production is right here in the South.

And that potential is a great one because the demand for beef is booming. First, consider the growth prospects in population. Even if we approach zero population growth -- and we aren't there yet -- we still face an already built-in population increase somewhere near 30 million people by the end of this century.

And, even without increased population, there would still be a marked increase in demand for beef. The projected increases in levels of real income will give people the dollars which they will use at the meat counter to express their increasing preference for high quality foods --

topped by beef. Per capita beef consumption, which has already doubled from 56 pounds to 115 pounds in the last 20 years, will soon reach 120 pounds per person each year -- and it is projected to reach 130 pounds by 1980.

When we couple projected population growth with projected per capita beef consumption increases, we are talking about a needed one-fourth increase in beef tonnage in just the next eight years. And no matter how you slice it, a big portion of that increase will need to come from added cow and calf numbers here in the South. That means jobs, that means income, that means an even more solid farm economic base for the Southern United States. You have already shown what progress you can make in expanding beef production -- and conditions are ripe for you to capitalize on this magnificent potential right now.

Southern agriculture has proven its proficiency at adapting to the changes taking place in the American agricultural economy. I could cite many examples, but the growth of soybean production in the South presents perhaps the most phenomenal evidence.

You recognized an opportunity; you jumped at it; and you've turned soybeans into a gigantic income booster for Southern Agriculture. Most of the credit goes to you who have made those sound management decisions -- you who have taken a chance on a new crop, you who have turned the dirt, put the beans in the ground, and carried the crop through to harvest.

But the great institutional network which makes up Southern Agriculture played a part -- headed by the Land Grant colleges of the South, their research findings and Extension programs. Your own farm and commodity organizations and cooperatives have played a key role. Each of the State Departments of Agriculture deserve credit -- they are well known for having an ear to the ground and their noses to the wind ready to catch each rumble and whiff of profit opportunity for farmers in their State. And the United States Department of Agriculture has been a hard-working partner in opening up -- and keeping open -- markets overseas.

I'm convinced that the Agricultural Act of 1970 has helped the growth of soybean production in the South. One of the main purposes of the 1970 Act -- as opposed to the restrictive, backward-looking programs of the 1960's -- is that '70 Act programs allow you more freedom to produce those farm commodities that you can grow best. That's in everybody's best interest. And that's one of the strengths of the program and the direction in which we are moving.

Sure, there are times when we all benefit from protecting the status quo. But, too often, the status quo is demagogic latin for the mess we're already in. But here in the Southland -- where you have such potential for agricultural growth and where you have proven your proficiency in accomplishing phenomenal growth -- you stand to gain much more from this freedom to manage your own farms for the best profit potential.

Southern agriculture is strengthened mightily by your philosophy of freedom and your propensity toward hard work. These have been the keys to your success in turning the opportunities you have had into progress.

The freedom you cherish so dearly is consistent with the great initiatives of this Administration to strengthen American agriculture.

We are moving to keep agriculture free from rigid controls. And you have agreed to that movement. You don't like being shackled to the past. And your future depends upon the potential for expansion which a freer agriculture offers.

We are progressing in making American agriculture more competitive in world markets. And you are with us in this effort. We export half of our soybeans, and your proximity to the nation's ports makes soybean exports the very life blood of your recent and projected soybean expansion.

Your age-old belief in hard work and production gives you the backbone to proudly and effectively benefit from our efforts to make your philosophy of freedom a reality.

Some in our society have never known and are slow to learn the truth of the old planter philosophy of hard work and productivity. Too many in our nation are waiting for the Congress to guarantee them their daily bread. But you know so very well that, if the Congress today were

to pass a law guaranteeing every citizen a free loaf of bread tomorrow, someone -- someone -- would have to be up before the crack of dawn to bake more than 208 million loaves of bread. We can't have more unless we produce more. The fact that you folks in the great South believe that fact -- and live it -- is part of the reason your future is bright.

Southern agriculture's greatest resource is the farm people of the South. You have built the proud heritage of Southern agriculture: you've set the tone for farm statesmanship; you've decided to make changes and then led them; you have sought opportunities and captured them; you've supported sound policies and made them work.

I'm really talking about farm leadership -- the dedicated, give-all-you've-got kind of leadership that counts.

No mention of farm leadership in the Magnolia State would be complete without paying tribute to one of the best known farm leaders in the country. I refer to my good friend -- and fellow fighter for farm interests -- Boswell Stevens. I understand that Bos is going to give up the presidency of the Mississippi Farm Bureau Federation this fall after having served longer than any of today's State Farm Bureau Presidents. I salute you, Bos. But more than that, I salute what you represent: the great strength and potency of private, volunteer farm leadership in this great region, and the real promise of what's to come.

People -- farmers -- have taken hold of Southern Agriculture and made it what it is today; people will bring more beef production to the South, guide the production shifts down the road, and build the markets of tomorrow.

People -- farmers and rural Americans -- will be the builders and renewers of Rural America. Politicians and bureaucrats have wrestled with Rural Development for at least the last 15 years. After a Congressional Record full of grand ideas -- and grand promises -- Rural Development is now going to work, and for one important reason: Our rural development effort and programs and funding are based on the premise that Rural America cannot and will not be developed from Washington. Bureaucrats don't build rural communities -- rural people do. Rural people will make communities viable and attractive places for industry to build and for people to stay and work. And one of the reasons I'm so convinced is because I have seen what has been done in the South -- by people. You've shown the Nation that, when programs are oriented to assisting people to do the job, rural development will be done.

There are lots of people around who differ with me. They just don't believe in what people can do. I wish they could be with me today.

I wish they could know you. If they did, they would realize that the American farm family -- when it has its 'druthers -- is going to speak its own mind, wrestle its own problems, tend its own business, reap its own harvest, and earn its own keep.

All of us who claim to be public servants -- those who you elect to represent you, those who serve your needs in the State Departments of Agriculture, and hired hands like me on the Potomac -- must never forget that. And further -- when it is time for us to act -- I, for one, shall never forget that I'm working for you!

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For P. M. Release June 26, 1972

U.S. DEPT. OF AGRICULTURE
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Nearly every church has near its main entrance a notice board which lists the hour of Sunday School, the services, the preacher's name, and perhaps a sermon topic. Not long ago, the notice board of one small rural church had on it this message: "Why are so many people ready to carry the stool--when the piano needs to be moved?"

In a world where it seems like too many movers are maneuvering to grab the stool--I consider it a privilege to be among and to pay tribute to a crew of real piano movers. Only instead of moving pianos, you have literally moved the mountain of public opinion toward greater understanding of the key role farmers play in the viability of this great Nation. I salute you, and--on behalf of every American farmer--I thank you!

In these past few critical months, you've made it clear that farmers make possible our wholesome, abundant food supply--that a cow produces that bottle of milk, that a hen lays the egg that's in the carton, that the T-bone steak comes from a steer, that the apple comes from an apple tree, that the tomato comes from a vine, and that each loaf of bread starts in a wheat field. More important, you made it clear that behind that cow, that hen, that steer, that apple tree, that tomato vine, and that field of wheat is a farmer. And you made it ever so clear that farmers are performing a remarkable job in productivity, that farmers are underpaid, that farmers have problems, but that farmers are responsible for this nation having a plentiful supply of wholesome nutritious food for a smaller and smaller part of its take-home pay. For that every farmer owes you a debt of gratitude.

When the nation's dock workers walked out and stayed off the job right at the peak of harvest when crops needed to move, you helped awaken the nation to the tremendous damage that this was doing to farm prices and farm income.

When restraints were placed on price increases under the Administration's inflation control programs, you helped tell why raw agricultural products were exempt. You pointed out that farm prices were well in line, and that farm prices and farm productivity had been a restraining influence on the cost of living for years.

When cheap-food advocates pointed accusing fingers at farmers and called for controls on farm products--particularly meat--you again helped explain the facts.

But the greatest tribute to you is this: You never shy away from the tough fights--the heavy loads--and the difficult questions. You've served the American farmer well by taking to the people the farmer's strongest tool--the facts.

Your efforts to achieve understanding will be critical in the months ahead. A farm policy debate is emerging. You have already heard the rumble. The whiff of brewing controversy is in the air. And the fire of an election year burns higher day by day.

Now, let me say clearly that honest, dedicated men will differ in their approaches to farm policy. And there is, of course, no single flawless way to achieve the goal which I believe all dedicated farm policy proponents seek--a fair return to farmers for their investment, their labor, their management skill, and their risk.

The situation seems to be shaping up like this: The 1970 Act, which expires next year, is working well. Yet--it has critics. Some are politically inspired, I am confident. Others are motivated by a dedicated belief in a different philosophical approach. I'd like to examine what seem to be the emerging alternatives. As I do--keep in mind four questions, questions which may not always surface in the heat of debate. Nevertheless, they are the key issues which every farmer and rancher, and the American people, must weigh in an attempt to place farm policy in realistic perspective:

- * Do we want an expanding agriculture--or a shrinking agriculture?
- * Do we want voluntary programs--or rigid mandatory controls?
- * Do we want a market-dominated agriculture--or a government-dominated agriculture?
- * Do we want farmers to have leverage in the marketplace--or government to have leverage in the marketplace?

Any discussion of farm policy must recognize the fact that we have a farm production plant--land, labor, management, capital, and knowhow--already geared to producing more than we can currently market at satisfactory prices. So farm policy alternatives boil down to ways to deal with that fact.

One approach is embodied in the Agricultural Act of 1970. That approach, basically, is this: Farmers are happier when they are producing--and the public mood, reflected in the Congress, is less critical when farmers are producing; so, let's let farmers produce. To survive then, we must look to exports to market a substantial part of our production; so, let's encourage and facilitate exports.

World markets are increasingly competitive, and domestic markets feel the pressure of synthetics and substitutes; so, let's not lose overseas markets or give over domestic markets to synthetics by establishing unrealistically high support prices.

Farmers know better than anyone else how best to use their resources to make a profit; so, let's maximize farmer decision-making and allow domestic production to shift to where its advantages are.

Government held stocks hover over the market to depress prices and make money for firms with storage facilities; so, let's minimize government-held reserves and leave the supply in the hands of farmers, and give farmers the tools to carry the risk, market at the best prices, and earn the profits for carrying the crop from times of abundance to times of shortage.

In this way the Act of '70 seeks to maximize farm income (under the formula of Price x Quantity - Expenses = Income) by attempting to secure (1) a reasonable, market-dominated but protected price; (2) a maximum possible quantity through large exports and extensive domestic use; and (3) minimum expenses assisted by allowing farmers to spread their fixed costs over more production and the greater efficiency which the increased decision-making freedom allows.

Of the alternatives to the Act of 1970 being bantered about--one, in particular, seems to be surfacing as the contrasting approach. It's certainly not new.

It's basic principle is this: The most important factor in the farm income formula is price. This approach involves high per unit price supports. It would complement those high support levels by instituting a sizeable government-held reserve. Some exponents of this approach would favor an export subsidy to maintain export markets, and high import tariffs to maintain the domestic market. Others would institute high-cost rigid production controls, perhaps mandatory historical quotas, to reduce production to a level which would achieve the high support prices despite loss of export markets.

With these two alternatives in mind, now let's consider those four questions.

Do we want an expanding agriculture--or a shrinking agriculture?

An expanding agriculture is the best solution to declining farm numbers. A shrinking agriculture can't help but hasten the exodus from farming. The thrust of expansion in the 1970 Act has had a positive effect on farm numbers--especially compared with the restrictive, backward-looking programs of the 1960's. Under the Act of '70 we've cut in half the rate of decline in farm numbers, from an average of about 104,000 per year in the 1960's to only 45,000 for 1971.

An expanding agriculture is the best foundation for sound and effective rural development--a goal to which we are firmly dedicated. An expanding agriculture means a more thriving, opportunity-laden rural America; more demand for production goods, services, credit, labor; and more product to move and process and merchandize--the building blocks which form economically sound rural communities. A shrinking agriculture reduces rural development to no more than an empty, futile slogan.

An expanding agriculture lets American farmers take advantage of their competitive advantage in worldwide farm production. Expansion is working. Farm exports have skyrocketed, reaching \$7.8 billion in fiscal 1971--an all-time high. An historic sale of \$150 million worth of feed grains to the Soviet Union was accomplished last fall. And, in April, I journeyed to Russia to discuss further farm trade. The prospects are definitely there. They need what our farmers produce--and they know we have what they need.

Prospects for trade, on a competitive basis, are growing world wide. An expanding American agriculture will capture much of that market for American farmers--the world's most efficient. A shrinking American agriculture will relinquish those markets to other farmers in other lands.

Do we want voluntary programs--or rigid mandatory controls?

If we've learned one thing in this nation's nearly 45-year history of government farm programs, it's this: High per unit price supports require their inevitable Siamese twin of rigid controls.

High price guarantees make it impossible to maintain any semblance of balance between production and use; they offer undesirable incentives for excessive production; and at the same time they discourage much needed increases in consumption. And politicians have never been quite willing to adopt controls strict enough to make these price guarantees work.

It's clear that voluntary controls are just not compatible with excessive government price guarantees. Farmers are just too skilled at using the pencil--and they know what excessive price guarantees do to the market. They soon calculate a greater return by staying out of the program. Then production surges upward, surpluses mount, high government price guarantees inhibit trade and domestic sales--and the only way to get production back in line, while maintaining those high per unit price supports, is to slap on rigid, mandatory controls.

Do we want a market-dominated agriculture--or a government-dominated agriculture?

A market-dominated agriculture lets production shift and adjust as consumer preferences change and as export demand grows. It is forward-looking. It lets farmers make production decisions based on crop profitability, and it tends to let farm production shift and adjust to farmers who can produce each crop best. A government-dominated agriculture is, almost by definition, backward-looking. Production becomes based on historical patterns and crop histories--yesterday's rotations and yesterday's yields.

A market-dominated agriculture means that consumers will pay the full cost of the food they obtain--and a government dominated agriculture will tend to subsidize food costs to consumers. Cheap food is the birthright of no man who can afford to pay for it. A market-dominated agriculture will ensure that those who can afford to do so will pay the cost of the abundant, nutritious food they enjoy. There are other ways to help those whom society seeks to help without doing so through a government-dominated agriculture.

A market-dominated agriculture will not make farmers dependent for their incomes and welfare upon a consumer-oriented Congress. A government-dominated agriculture could leave farmers shackled in economic peonage if an unfriendly Congress turns upon the farm minority. A market-dominated agriculture gives farmers a chance to maximize their muscle in the marketplace. A government-dominated agriculture is overly dependent on farmers' diminishing muscle at the ballot box.

A market-dominated agriculture has made it possible for cotton to get back on its feet after several years of difficulty. A market-dominated agriculture has helped soybean demand expand by 300 million bushels since 1968--that's equivalent to the production from 10.5 million acres of land which have been taken out of excess crops and put to an income use. Continuation of a government-dominated agriculture would have killed the American cotton industry and would have prevented meaningful expansion of soybean production.

Do we want farmers to have leverage in the marketplace--or government to have leverage in the marketplace?

Programs designed to increase farmers' leverage in the marketplace give farmers greater control over all of their planting and marketing decisions. Government leverage in the marketplace reduces farmer decision-making.

When farmers control production reserves--then farmers call the tune, farmers earn the bulk of income that's made from storage, and farmers benefit from any equity gains. When the government controls reserves--then farmers lose their options and profits go to firms who store grain for the government. Further, farmers have yet to voice anything but universal criticism of the pricing and timing of government held commodity sales.

Putting market leverage in the hands of farmers substantially increases farmers' ability to maximize returns. Under the present programs, producers are permitted, for the first time, to contract for future sale of their grain, and carry it under loan until delivery. There is no loss of loan eligibility. This forward contracting provision gives farmers greater leverage in taking some of the risk out of price changes--while they maintain control of the grain, earn returns from storage, and work for the best terms of sale. Placing market leverage in the government's hands leaves farmers with few options to pursue to seek the greatest returns.

As the debate unfolds, your role of achieving understanding will be more important than ever. And as you help make the policy alternatives more evident and bring the key issues into focus--I am confident that the primary goal of farm policy will remain clear: We seek to provide farmers with an opportunity to earn a fair return for the labor, the management, the investment, and the risk which they put into farming--and, at the same time, to ensure them a maximum degree of freedom to manage their own farms in line with individual preferences and sound husbandry.

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For P.M. Release June 27, 1972

U.S. DEPT. OF AGRICULTURE
BUREAU OF PLANT INDUSTRY

DL 1 975

Wednesday, June 28, 1972

U.S. Department of Agriculture
Office of the Secretary

PROGRESS FOR THE DAIRY INDUSTRY

On several occasions since I came into office last December, I have told farmers that my job is to serve them as their hired hand. I say it with equal sincerity to you today. Back in Washington, my associates in the Administration know that's how I regard my assignment--and I am glad to report they are giving me 100 percent support in my efforts in behalf of farmers, and in my speaking out in behalf of farmers.

For far too long, this country's agricultural community has had to stagger under the burden of increasingly higher production costs and farm living costs. For far too long, the level of farm income has dragged behind the average income level of nonfarm people.

And far too often in the last few months, the critics have tried to blame farmers for rising food costs. I haven't been timid about saying that most farm prices are not strong enough--to bring fair returns to farmers for their labor and investments. Farmers do business for profit, not for the fun of farming--and the best way to assure food abundance is to give farmers a proper chance to share in the Nation's expanding economy.

When you compare farmers' incomes with wage and price levels in recent years, it's about time that farmers are getting some black ink instead of red. The prices that farmers get for food products have risen 6 percent during the last two decades, while average wage rates have gone up 6 percent every year during that period. Lagging farm prices have been a major factor in holding down inflation. Farmers' average income levels have a long way to go before they are on a par with those of city people.

Address by Secretary of Agriculture Earl L. Butz before 87th Annual Meeting of the Holstein-Friesian Association of America, Winston-Salem, North Carolina, June 27, 1972, 7:30 P.M. EDT

The Administration's agricultural policies are starting to bring results.

The farm policies of this Administration are achieving a healthy turnaround for American agriculture. These policies include, among others, new programs under the Agricultural Act of 1970, intensified efforts in research and marketing, record-high funding of programs to improve living standards and develop economic opportunities in the rural countryside, and aggressive expansion of farm exports.

These moves apply to the dairy industry as much as to any other segment of the agricultural community. Our aim is to create the best possible environment for agricultural success and for profitable forward movement by dairymen. We are providing help within the extent of the statutes--and we hope that farmers and growers and ranchers can make best possible use of these tools.

That's what's behind "market-oriented production." It's what's behind the set-aside approach for major commodities, and the new freedoms for farmers to manage their own resources for best market opportunities. That's the objective of the milk marketing system and the amendments to the dairy legislation contained in the 1970 Act.

The combined effects on the 1970 Act and the Administration's agricultural initiatives--along with the all-important cooperation of farmers themselves--are contributing to the improved farm income picture. Total realized net farm income in 1972 will reach \$17.5 billion or better--the highest in history and \$2 billion more than last year. It's not enough, but it is a real improvement.

Dairymen are working to make their advantages pay off.

The dairy industry has set an outstanding example in striving to make the best and most profitable use of the various kinds of assistance provided by Government programs. I wish all the housewives were tuned in on this talk tonight, because I would like to tell them about the special problems and difficulties you have to contend with, day in and day out, in producing a full abundance of milk, one of the most complete, most nourishing, and most satisfying foods the good Lord ever created.

We wish that more consumers knew what that carton of milk they buy so conveniently represents: rigid sanitation, a capital investment of around \$2,000 a cow, high costs, your thin returns on that investment, the years it takes to establish a dairy farm operation, the problems you must overcome in marketing a highly perishable product, and the fact that dairying is a lifetime business that a farmer can't jump in and out of every few years. I hope they realize, too, that you get up early in the morning, 7 days a week including the 4th of July and Christmas--not because you particularly like to associate with Holsteins, but because cows simply will not stay milked.

I wish that consumers, instead of preoccupying themselves with every little upward move in food costs, could gain a deeper realization of what a sound, fair-priced food production system means to them and to the strength of America. I wish they had a better understanding of the costs and sacrifices and risks involved on the part of farmers in maintaining our food-producing capacity. I wish they knew that there is no guarantee of continued plentiful, wholesome food for them and their children unless there are fair returns for farmers' labor and investment. The dairy industry has made great progress in the face of adversity and changing market conditions.

By improving the milk supply, you are serving America's best interests.

Twelve years ago, at your diamond jubilee meeting in Syracuse, I had the honor of addressing the Holstein-Friesian Association as I am doing today. I spoke of "The New Look in Agriculture" and the challenges confronting you in these times of fast-changing technologies. But who would have predicted then the significant advances made in dairying--advances achieved through the efforts of organizations such as your Association?

In 1960, the average milk output per cow was 7,000 pounds. In 1971, it was 9,600 pounds--a 37 percent increase. In 1960, cows on your Association production testing program averaged 13,600 pounds; last year the average was up to 15,800 pounds!

For the past 12 years the Holstein Association has maintained a recording system for both butterfat and non-fat solids, thereby providing a genetic base for future selective breeding. And through those years since I last appeared before your group, you have literally changed the complexion of America's dairy cow resources. In 1960, Holsteins accounted for 64 percent of all dairy cattle registrations in this country, and now you are saying that you have increased that proportion to around 85 percent. You point out that you have accomplished that through careful record-keeping, breeding, and superior management.

The past 12 years have brought many changes that benefit consumers and dairymen alike--the rapid acceleration of bulk tank handling, for instance, which assures the housewife fresh milk via closed circuit all the way from Molly in the milking parlor to the carton in the supermarket case. The years have seen a steady upgrading of manufacturing milk quality standards in many States--and a marked increase in the percentage of fluid-grade milk versus the manufacturing grade.

We have also seen during the past dozen years a swing in consumer preference to lower-fat milk and a rising interest in the protein values of cheese as a nutritious food. The demand for non-fat solids is increasing--and the value of milk non-fat solids has more than doubled. There's little doubt that the growth of your Holstein-Friesian breed has been a factor in reducing the average butterfat test from 3.75 percent in 1966 to 3.67 percent today.

Responsible dairymen like you have helped keep milk demand and supply in better balance the last few years--and prices have responded. If you can make your statesmanship prevail and guard against disastrous over-production, the future prospects for the commercial dairy industry look good.

I commend you for your self-help efforts to promote milk and milk products. Your efforts have been successful--but let me show you what just a little more milk promotion can do.

How close are we to a supply-consumption balance in the dairy industry? Just a swallow away. Here's what I mean. This year the government purchased well over 6 billion pounds of milk. Now, a pint's a pound the world around--so that makes over 6 billion pints of milk. And each pint pours two glasses, so that's 12 billion glasses.

I decided to find out how many swallows of milk there are in a glass. One weekend when our two boys were home, Mrs. Butz and I performed a highly scientific experiment right next to the refrigerator. Mrs. Butz poured four glasses of cool refreshing milk. Then we each counted the swallows as we drank it--and it averages out to a little more than 6 swallows per glass. Now when you multiply 6 swallows per glass by over 12 billion glasses of milk, you get roughly 73 billion swallows of milk.

Then, when you multiply 200 million people by 365 days, the product is 73 billion. So, if you folks can only convince every American to drink just one more swallow of milk every day--we would completely eliminate that "cushion" in the milk supply.

You are setting a good example with new initiatives.

At this particular moment in history, when the President is striving for a new era of international harmony and understanding, and when the Administration in keeping with that spirit is endeavoring to open up new foreign markets for expanded agricultural trade, the work of your Association takes on special significance. I refer, of course, to your subsidiary, Holstein-Friesian Services, the so-called "commercial arm" of your organization.

The activities of HFS, Inc., could prove to be one of the most significant contributions that your breed association makes to this country's dairy industry during the coming 10 or 20 years. We are particularly impressed with the efforts of HFS on the export front. I assure you as members and delegates that the international activities of HFS are most highly regarded.

Not only does the Holstein Association, through HFS, have a most unique approach to the international marketing of dairy cattle. It also is fortunate in having one of the most capable staffs of international livestock marketing specialists and expeditors of any organization or group in the country. My friends in the Foreign Agricultural Service tell me that your people are top-rate among the FAS cooperators.

HFS staff members are busy supplying the foreign demand with outstanding dairy cattle--and they are busy earning extra income for those of your members who can help meet the demand. Moreover, they are not only willing to lend a hand, but are actively taking part in marketing other kinds of livestock in international trade. This initiative will keep American agriculture in the front ranks of progress--and in the front ranks of international cooperation.

I just learned from Mr. Rumler that your Association is in active negotiations with the Soviet Union to sell Holstein stock to that country. In fact, a Soviet purchasing team has just arrived in the United States to wrap up a deal. Other sales of American Holsteins have been made in recent months to such widely dispersed countries as Yugoslavia, Hungary, Germany, Spain, and Italy. And at the present time, 13 consecutive cargo flights--carrying about 80 head each--are taking off for Korea.

We in USDA are most gratified that HFS representatives are participating in international livestock shows--recently in Mexico, Yugoslavia, Italy, and Spain--and this August in Turkey and Brazil. They are part of the essential advance guard for the development of American agricultural foreign trade, which the President is anxious to see grow.

Those in your organization who are providing this kind of leadership are to be commended. What we have here is a fine, successful working relationship between Government and industry--in this case, the agricultural industry.

Let us continue to work together for solid progress.

Growth and change always give rise to problems. Yet whatever the future holds in store, practical people who are willing to work together can find practical solutions in the battle against inflation, the effort to preserve and protect our natural environment, the controversy over rising food prices, the fight for a sounder farm economy, and the ceaseless endeavor to improve food safety and wholesomeness.

I want to assure you that we intend to keep working in your best interests and the public's best interest by maintaining a milk program which will earn decent returns for dairymen and assure an ample milk supply. We will work with you in promotion and research to increase consumption of milk and milk products.

Research capabilities of the Department of Agriculture are being regrouped to provide more direct, more efficient, more economical service in the area of animal health and regulation. Dairy cattle research, in the Agricultural Research Service and in cooperation with the States, will continue as before but with better lines of communication from those that plan and develop research information to those that need and use it.

Let me emphasize that we recognize fully the great value of the dairy herd improvement and sire evaluation programs. These will continue to function on a national basis with the regionalizing of the Agricultural Research Service-- in fact, we will be seeking ways to strengthen the effort still more.

Just a few days ago we added eight non-Government members to the new Agricultural Research Facilities Review Task Force, which is undertaking a comprehensive study of Federal support of facilities used jointly by the States and USDA. The group is headed by the top dairyman in Government, Under Secretary Phil Campbell. It may interest you to know that the problem of calf scours, and how to deal with it, will be one of the many matters on the Task Force's agenda.

Changes--new problems--new opportunities are certain to arise during the years ahead, just as they have occurred in the 12 years since I last appeared before your Association. I am confident that, together, we can turn the problems into opportunities, and that America's dairy industry will continue to lead the way to a brighter, better future for American agriculture.

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For A.M. Release Wednesday, June 28, 1972

*Mrs. Davis
June 20/*

Director
National Agricultural
Library
Beltsville, Md.



ESERVE

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U. S. Department of Agriculture
Office of the Secretary

For P.M. Release
June 29, 1972

Meat prices have been in the news. Meat prices are in the news. Meat prices will stay in the news.

Some of us have been struggling to make sure that our cattlemen get a fair break, while at the same time assuring the American consumer that unjustified increases in the cost of food will be attacked vigorously.

Both producers and consumers won a significant victory on Monday morning of this week. The President of the United States--very courageously and very correctly--made a difficult decision which was responsive to the concerns of consumers, but which reflected a commitment to fairness for beef producers. Let me explain.

We live in an increasingly consumer-oriented economy. Each of you is a consumer. Mrs. Butz and I are consumers. This Administration--and, in fact, this whole nation--is dedicated to seeing that food at retail will be economically priced. No one can argue with that principle.

Address by Secretary of Agriculture Earl L. Butz before the Wyoming Stock Growers Association, Cheyenne, Wyoming, June 29, 1972, 2:00 p.m.

Consumers have been showing more and more concern. I have taken the story of fair farm prices to the consumer, and we have achieved a better understanding. Unfortunately, however, understanding is sometimes short circuited by the stomach's craving for a steak or is overwhelmed by that center of the economic nervous system--the pocketbook--on the way to the heart. Despite all the facts in the world, Mrs. Housewife felt she had a beef, and she just couldn't get over wringing her hands and pleading that we ought to try something.

President Nixon read the public mood that some measure had to be taken, and I agreed. Something had to be done. There were two alternatives: first, tight price restrictions--at the retail level, at the wholesale level, or perhaps even at the farm level--to discipline the market; or second, the removal of meat import restrictions to achieve an even greater open market orientation for the meat industry.

The President announced on Monday a removal of our voluntary meat import restrictions for the remainder of 1972.

In taking this action, the President said very clearly--and I want to quote his words--"this Administration is firmly determined to prevent unjustified increases in the cost of food." I stand by the President on that statement--his position is consistent with his commitment and with his responsibility to the American people.

But note that word "unjustified." That word means that the President intends nothing but absolute fairness to beef producers. And I stand firmly by the President on that statement. The Chairman of the Cost of Living Council "has ruled out" a freeze on beef prices.

This decision will now make it possible for us to look consumers and their advocates squarely in the eye and say: Look at the American beef industry--it has no price supports; it has no production controls; it is not in any way insulated from the forces of the world market; it makes meat available to consumers at competitive prices. There are no market-protection favors whatsoever extended to the beef industry.

Consumers now will have no legitimate grounds for complaint. After all, it is consumer demand which pushes beef prices upward. If prices increase--we can say to the consumer: the beef industry receives no special concessions; unprecedented demand from consumers with rising real incomes is responsible for beef price increases.

Producers are always happy when there is a strong demand for their product. The recent explosion in the demand for beef has outrun our short-run ability to increase the supply. The relaxing of import restrictions will help keep our people in the habit of eating more beef until our domestic supply can be increased. That will surely be in our long-run interest.

Now, this alternative--the temporary lifting of meat import quotas which have been so important to the beef industry when beef prices have been disastrously low--is certainly preferable to what many were pleading for the President to do--clamping a ceiling on the price of farm products at the farm level or the wholesale level or the retail level. It would have been tragic to hamstring the food industry from distributing what farmers are producing. You who are part of American's great cattle industry have always been market-oriented, and you can now ride taller than ever before and let everybody know that you are completely market-oriented in the best American tradition of free enterprise.

What is likely to be the economic impact of this move? I do not know precisely--and I cannot predict what the exact effect will be.

In his statement, the President said: "This action alone may not fully solve the problem." And he made it clear this this would not have an immediate effect upon prices.

I do know that meat is scarce worldwide. Beef prices in the Common Market countries are higher than they are here. Unless international meat suppliers choose to sell in a lower price market--rather than in a higher price market--this may not have as much effect on the supply of meat which comes into the United States as many would desire. However, we feel that enough extra beef will flow to our shores to blunt further rises in beef prices that might have occurred in the absence of the action taken.

There are other factors at work in the beef market at the same time. We do know that there are more cattle on feed--10 to 12% more--than a year ago. And the trading on the cattle futures market indicates that the professional traders in the meat industry think that beef prices will move down slightly.

While the total effects of lifting meat import quotas are not clear, one thing is clear. This pronouncement was more than the victory of a wise decision over an unreasonable alternative. It was a symbolic decision. Reason prevailed over pressure. Emotions were tempered by economic reality.

It's about time to apply the same realistic analysis and the same reasonable judgment to every public decision affecting agriculture. Every consumer, every citizen, every public servant must begin to weigh the benefits of what we seek against the costs of achieving them, the consequences of our actions against the risks of not taking those actions.

The best example of what I'm talking about is the cattle situation.

It's about time that every person who has ever feasted over prime rib, or cut into a good steak, or bit into a hamburger understands the reality of beef prices.

To begin with, beef prices are demand-dominated prices. In the short run, you just can't get any more beef--the supply is invariable because beef is so perishable. Price, then, at the moment is basically determined by consumer demand. If demand surges upward, beef prices will climb. If demand falls off, beef prices will drop.

So, the beef price situation is affected by this fundamental principle--beef is a demand-dominated market.

Farmers and ranchers have increased their beef production by 2-1/2 times in the last twenty years--from 8.8 billion pounds in 1951 to 21.9 billion pounds in 1971. Now that's a tremendous increase. Normally, an increase of 2-1/2 times in beef production--while the population increased by only one-third--would tend to depress beef prices. But it has not.

Beef prices have not been depressed because this increase in production has been in response to a remarkable increase in beef demand brought about by rising real wages and incomes. In fact, in the last 20 years, annual beef consumption per person in this country has doubled--from 56 pounds per person 20 years ago to 115 pounds per person today.

Since beef is a demand-controlled market, it is only reasonable that the constantly increasing affluence of the American consumer, abrupt increases in Food Stamp use in the last three years, and rising welfare benefits would eventually have a marked upward effect on beef prices. This is precisely what has happened. The supply of beef could not change quickly. The only way supply could really have increased measurably in the short run would have been to slaughter cows and heifers. And when that happens the piper really has to be paid 18 months later. We haven't yet found a way to get a two-year old heifer in anything less than 24 months. Instead, prices have increased--giving signals through the market to the beef producer that increased supplies are needed. In a nut-shell, beef prices have risen because of increased consumer demand, and this is a market signal to induce increased beef production.

Now, the real question is, how do things look down the road? First, we need to look at projected consumption trends.

Annual beef consumption per person will soon reach 120 pounds, and the projection for 1980 is 130 pounds per person. This, coupled with the projected population increase, will demand a one-fourth increase in beef tonnage in just the next eight years.

No matter how we slice it, that increased beef tonnage is going to be hard to come by: Our ranges can't hold very many more cows; we have made most of the shift from dairy to beef; we have closed the greatest part of the feeding gap; and meat imports are not a long term answer. So, in the long run, increased beef production will occur at the margins:

1) in those fringe areas of the Corn Belt and in the South as beef production is weighed against other attractive alternatives; 2) in shifts from dairy to beef production, which from now on will be limited: 3) at the feeding margin where maximum efficient feeding periods and maximum feeding efficiency have been nearly reached; and 4) in the international market, where the growing worldwide demand for beef makes other markets an increasingly better outlet than the U. S. for beef export nations.

No matter which margin is approached, there must be ample inducement if beef production is going to be increased. That inducement must come in the form of cattle prices--prices substantial enough to induce the Corn Belt and Southern farmers to raise cows instead of corn and soybeans, prices substantial enough to make beef production more profitable than dairying, prices substantial enough to make longer feeding pay, prices substantial enough to outbid beef buyers in other parts of the world.

The chief source of increased beef production will be in this country, with the people who are now in the beef business. But it must be clearly understood that increased beef production will not be automatic. There must be profit in it. If we are going to get more beef production--it's got to be profitable enough to pull the resources involved--financing, land, labor, equipment, and management--away from other alternatives.

I'm really saying that the facts of the matter don't indicate an easy increase in cattle numbers. But the way to increase meat supplies is to have adequate prices for farmers to put a little profit on the range and in the feedlot. That will induce gradually increased beef production.

It's about time we weighed the proven benefits of DES(diethylstilbestrol) against the yet unproven risks of its use.

The Food and Drug Administration just daysago published a proposal to ban the use of DES. The goal is to have an exhaustive investigation and public hearings.

The issue of DES use is a critical one, and its consequences reach far beyond the feedlots. Through the seven day withdrawal program and the mandatory certification program, we are doing our very best to monitor the use of DES. The increased frequency of reported cases of DES residue is primarily the result of added capability to detect much smaller amounts. Residues of DES have not been found in any meat or animal tissue other than beef or sheep livers. Chemically, DES is a synthetic compound which functions like an estrogen, and the largest DES residue ever found in a DES fed animal is less than the amount of estrogen which a normal female human produces every day.

We cannot over-emphasize the need for rigid self-discipline by every cattle producer and feeder with regard to the use of DES. Laxness on the part of anyone involved in the certification process could stir up public clamor to upset the whole program, either through imposing extremely severe limitations or by eliminating the use of DES.

We must keep in mind that, while there is at this time no clinical proof that any human being has been injured in any way as a result of DES residue in meat--there is the argument on the other side that there is no clinical proof that meat with DES residue is not harmful. Until negative proof can be found, DES does present some risk in the eyes of the public.

What has been neglected in the whole debate over DES is sufficient attention to the benefits of DES.

If DES were to be withdrawn completely, the consequences are staggering. It would take about 14 percent more feed to produce the beef we're consuming today. It would take about 12 percent more time to put on the same amount of gain. Feed efficiency would be reduced by about 11 percent for steers and 8 percent for heifers. This would increase retail beef prices by roughly 3 cents per pound--and much more for the preferred cuts of beef. And the increased cost of maintaining our beef supply would be more than \$400 million annually.

Use of DES saves consumers more than \$400 million per year. At a time when beef demand is high and when every penny increase at the meat counter brings a great hue and cry from the housewife, I think it's time every consumer weighed heavily the tremendous benefits of DES against the very minimal potential risk involved.

It's about time we balanced our concern for the environment with full understanding of the violence which results when predators get out of control.

When a great industry gains the stature yours has, it is in the public's eye and it takes on a heavy burden of responsibility. We are all aware of the increased public concern about wildlife and the use of chemicals.

On the other hand, too little attention has been given to the consequences if predators get out of control. Every lamb a coyote picks off reduces the meat supply. And if predators turn from lambs to calves, and get a measurable percent of the calves, then that reduces the supply of feeders, the supply of beef, ultimately cow numbers, and in the long run it would positively affect beef prices.

It's time, then, for consumers to weigh heavily what they want--fewer coyotes, more calves, and reasonable meat prices or sleek-coated coyotes, shorter beef supplies and higher beef prices.

Obviously, there is a reasonable middle ground--but the risks and the consequences must be kept in balance.

Asst. Mr. NAL
NAL Bldg.
Beltsville, Maryland

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July 8, 1972
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NEWS

U. S. DEPARTMENT OF AGRICULTURE

U. S. SIGNS 3-YEAR GRAIN DEAL WITH RUSSIANS:

WASHINGTON, July 8--Secretary of Agriculture Earl L. Butz today hailed a three-year agreement to sell \$750 million of grain to the Soviet Union as a major achievement in international relations and agricultural trade. "This large purchase will make the Soviet Union the second largest buyer of U. S. grain, and can open the way for even more meaningful trade between the two countries in the years ahead," Secretary Butz said.

"The Russian people want more animal protein in their diets. To get it, they must increase their livestock production beyond the capacity of their farms and climate to provide feed grain," Secretary Butz observed. "We have an unequalled ability to raise generous quantities of feed grains in this Nation, and we can assure the Soviet Union of a steady export supply of feedstuffs in the years to come."

The Soviet Union will have the option to meet its purchase commitment with wheat, corn, barley, grain sorghum, rye or oats. The Russian government has agreed to purchase at least \$200 million of these grains during the first year from August 1, 1972 to July 31, 1973, and has made a firm commitment to take delivery on \$750 million of grain over the three-year period.

"This sale contributes to the objective of this Administration to create an expanding U. S. agriculture. It comes on top of a history-making Soviet purchase of \$150 million of feed grain last fall and adds to U. S. farm exports, which have been running at record levels," Secretary Butz said.

"This new sale will increase our grain exports by an average of about 17 percent annually over the next three-year period," Secretary Butz calculated.

"Increased exports of this magnitude move us toward our national goal of an expanding agriculture and of bringing farmers more income from the market place," he said.

The purchase of grain by the Soviet Union will be made through private U. S. grain traders; however, the Department of Agriculture will offer the Soviets credit through its Commodity Credit Corporation at the going interest rates and regular terms. The Soviet Union will repay any loans in three annual installments, with the total amount of credit outstanding at any time not to exceed \$500 million.

A discussion of credit terms was the main thrust of grain negotiations headed by Secretary Butz in a trip to Moscow in early April. At that time, Secretary Butz met with Soviet Communist Party chief Leonid I. Brezhnev. In May, President Nixon continued the grain discussions with Brezhnev at the Summit Meeting. The agreement reached this week brought those negotiations to a successful conclusion.

"As we traveled in Soviet agricultural areas in April, it was obvious that the Russian wheat crop had been severely damaged by a combination of cold winter weather, lack of snow cover, and drouth," Secretary Butz said. "The Russian Minister of Agriculture, Vladimir V. Matskevich, was frank in discussing winterkill damage, as was Communist chairman Brezhnev in my meeting with him.

"Whereas winterkill has no doubt contributed to the Soviet purchase this week, that nation has a longer-term need," Secretary Butz added. "The Soviet citizens have been promised a 25 percent increase in the animal protein component of their diets during the current five-year plan. To meet that goal, it will be necessary for the Soviet government to import feed grain to build up Russian livestock production.

"The grain sale is mutually beneficial to both sides. The Soviet citizens will be able to eat better. U. S. farmers will be able to sell more grain, plant more acreage, and get more income from the market. It will aid our U. S. balance of payments. And this will lay the groundwork for enlarging our over-all trade with the Soviet Union in peaceful commercial cooperation," Secretary Butz added.

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USDA 2246-72

FOR IMMEDIATE RELEASE

JULY 8, 1972

Office of the White House Press Secretary
(San Clemente, California)

THE WHITE HOUSE

FACT SHEET

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
WITH RESPECT TO PURCHASES OF GRAINS BY THE
SOVIET UNION IN THE UNITED STATES AND CREDIT TO BE
MADE AVAILABLE BY THE UNITED STATES

1. The President announced today the successful negotiation of a three-year grain agreement between the United States and the Soviet Union totalling \$750 million of US-grown grains (wheat, corn, barley, sorghum, rye, oats -- at the Soviet Union's option) for the period from August 1, 1972, through July 31, 1975. As part of the agreement, the United States will make available credit through the Commodity Credit Corporation for repayment in three years from the dates of deliveries, with the total amount of credit outstanding not to exceed \$500 million. Under the agreement the Soviet Union will purchase for deliveries during the first year, August 1, 1972, through July 31, 1973, at least \$200 million of US-grown grains.

2. The purchases and sales will be as negotiated between the Soviet Union and the US private commercial exporters. The credits on deliveries made through March 31, 1973, will carry CCC's present going interest rates (which are 6-1/8% per annum on letters of credit issued by US banks and 7-1/8% on letters of credit issued by foreign banks). Under the CCC program, the principal is payable in three equal annual installments following the delivery, and accrued interest is paid with each installment.

3. The Soviet Union purchased \$150 million of feed grains (mainly corn) from US grain traders in the fall of 1971. This was a cash transaction. In 1963 US exporters sold the Soviet Union about \$140 million of wheat. Thus, this is the largest Soviet grain purchase in history.

4. This sale to the Soviet Union will put that country in a second position among purchasers of US grain. (See attachment A) Average annual grain purchases of these six grains over the last three years are:

Japan	\$437 million
Netherlands	135 "
Canada	126 "
United Kingdom	102 "
Italy	86 "
West Germany	75 "
Belgium-Luxembourg	48 "
Venezuela	46 "
Republic of Korea	36 "
Republic of China	27 "

5. The average purchase rate of \$250 million annually would increase US exports of the six grains by almost 17% annually over the average of the three previous years -- 1969-1971. (Attachment B)

6. Agricultural experts estimate that about 3,000 to 5,000 additional jobs are created for \$100 million of grain exports. Since at least \$750 million is involved, it could be estimated that a range of 22,500 to 37,500 man years of work for US workers involved in this deal.

VALUE OF U.S. COMMERCIAL EXPORTS FOR FOUR FEED
GRAINS AND WHEAT TO THE TOP TEN IMPORTING
COUNTRIES, 1969-71 1/

(Four feed grains are corn, grain sorghum, barley and oats)

<u>COUNTRY</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Three Year Average 1969-1971</u>
-----1,000 dollars-----				
Japan	331,083	471,632	509,176	437,297
Netherlands	126,449	117,150	160,730	134,776
United Kingdom	72,026	91,006	143,025	102,019
Canada	114,805	134,683	130,940	126,809
West Germany	65,732	52,996	107,696	75,475
Italy	96,384	73,948	89,925	86,752
Belgium-Luxembourg	37,935	41,871	64,785	48,197
Korea, Republic of	28,324	19,958	59,364	35,882
Venezuela	38,993	45,249	53,708	45,983
Republic of China	<u>22,574</u>	<u>22,607</u>	<u>36,936</u>	<u>27,372</u>
Total above 10 countries	934,305	1,071,100	1,356,285	1,120,565
	=====	=====	=====	=====
Total all Countries	<u>1,205,413</u>	<u>1,445,308</u>	<u>1,833,731</u>	

Under the three-year agreement announced today, the Soviet Union will buy a total of at least 750 million dollars over this period, or an average at least 250 million dollars a year.

1/ Ranked by value in 1971

Source: Foreign Agricultural Trade of the United States, USDA
Publications, December 1970, February 1971 and May 1972.

FARM VALUE OF PRODUCTION AND VALUE OF EXPORTS OF
FOUR FEED GRAINS AND WHEAT, U.S., 1969-71 1/

(Four feed grains are corn, grain sorghum, barley and oats, excluding wheat flour)

<u>Years</u>	<u>Farm Value of Production</u>	<u>Value of Commercial Exports</u>
-----Million dollars-----		
1969	8,830.1	1,205.4
1970	9,033.8	1,445.7
1971	9,965.1	1,833.7

Three-year average of commercial exports, 1969-1971, \$1,494 million.

Since under terms of the agreement the average Soviet purchase will be \$250 million annually, this will represent 17% of the 1969-1971 average.

1/ Export value includes wheat flour and excludes feed grain products as such.

Source: Foreign Agricultural Trade of the United States, USDA Publications, December 1970, February 1971 and May 1972

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"Our people are great not so much because of what government has done for them, but because of what they have done for themselves." On this 50th Anniversary of the Louisiana Farm Bureau, these words of President Nixon carry special significance. They convey the very spirit behind your great organization and its solid record of accomplishment.

I wish farmers the world over, who so deeply envy the superiority of American agriculture, could have watched Farm Bureau's progress as I have. If they could, they would understand what you have put forth to make American agriculture so miraculous.

I wish the members of every group, who often cry so loudly about their fear of impotence, could understand Farm Bureau's effectiveness as I do. If they could, they would know why American farmers remain proudly independent and vigorously self-reliant.

I wish that the young people of this country, who have such an abundance of undaunted idealism and such a passion to right the wrongs of the world, could know Farm Bureau people the way I do. If they did, they could see what it really takes to put direction behind that idealism and turn that passion into progress.

Farm Bureau has proven to the world what can be accomplished when enough like-minded people join together to get something done. There was idealism in the minds of the founders of Farm Bureau and there was passion in their hearts. But no windows were broken, no traffic was stopped, nobody's rights were jeopardized. A group of determined and spirited farmers merely made up their minds to do something--and they did it.

Address by Secretary of Agriculture Earl L. Butz before the 50th Anniversary Convention of the Louisiana Farm Bureau Federation, Baton Rouge, Louisiana, July 10, 1972, 8:00 p.m.

It has been tough, agonizing, exhausting, sweat-producing work. Your success has been by no means accidental.

Farm Bureau has been guided by stable leadership. You have consistently selected for your top posts men of courage, tempered with experience, and blessed with solid good judgment--men more interested in building progress than in raising dust. An organization must move people to be effective, and you have done just that with potent, loyal, unselfish, inspiring leadership. It's no wonder that Farm Bureau has produced so many capable leaders for all of agriculture.

Farm Bureau has been directed by soundly developed policy. Your great organization exemplifies the practical application of democracy. Your members have an opportunity to be heard and they use it. When your positions are hammered out and formally ratified, one thing is certain--they represent the deliberations and the decisions of farmers.

Farm Bureau has been strengthened by an enlightened understanding of the realities of farm economics. You have always sought a fair return for farmers--but you've developed and fought for better opportunities for farmers to earn that return from the marketplace rather than to beg for it. You've never lost sight of the fact that this approach has been best for you as well as best for the country. And your economic wisdom has helped make possible the vitality of American agriculture.

Farm Bureau has been free from the blinders of political shortsightedness.

You have recognized your vulnerability as a minority--important though you may be. You have seen clearly the futility of becoming dependent upon an increasingly urban Congress which could, in one quick rage of legislative arbitrariness, pull the rug completely out from under you. Likewise, you have maintained your bi-partisan spirit. You are beholden to neither party. As a result, your favor is sought by both--and that multiplies your effectiveness.

Farm Bureau has successfully avoided the divisive pitfalls of narrowness.

You have sought to serve farmers and the broad interests which all farmers share. Your overall goals make more sense--and they earn broader respect and support--because you have sidestepped blind adherence to strictly commodity interests. You know that you cannot afford that luxury--and you are a stronger and more solidly united organization as a result.

Farm Bureau has never abandoned the heritage which has made it possible.

Few organizations--by creed or action--are so firmly dedicated to the sound principles of individual liberty and free enterprise for which this nation stands. You don't just mouth those principles--you act by them. You make them work. You make them real. And you have never let selfish interest divert you from your loyalty to those principles.

Farm Bureau can claim substantial credit for making farming the noble profession that it is today. But what of tomorrow? What is the future of farming in America?

These questions will not even await the end of your 50th Anniversary Celebration. A critical farm policy debate is emerging. You have already heard its rumble. The whiff of brewing controversy is in the air. And the election year fire which heats it burns higher day by day.

The debate ahead needs your enlightened wisdom. You are the farmers which farm programs serve. You know what you need and what you want. You know what farm programs can and cannot do. And you have an organization through which you can speak effectively as farm program decisions are made.

Honest, dedicated men will differ in their approaches to farm policy. And there is, of course, no single flawless way to achieve the goal which we all seek: a fair return to farmers for their investment, their labor, their management skill, and their risk--and, at the same time, a maximum degree of freedom for farmers to manage their own farms in line with individual preferences and sound husbandry.

Any discussion of farm policy must recognize the fact that we have a farm production plant--land, labor, management, capital, and knowhow--already geared to producing more than we can currently market at satisfactory prices. So farm policy alternatives boil down to ways to deal with that fact.

One approach is embodied in the Agricultural Act of 1970 which expires next year. That approach basically, is this:

- * Farmers are happier when they are producing--and the public mood, reflected in the Congress, is less critical when farmers are producing; so, let's let farmers produce.

- * To survive then, we must look to exports to market a substantial part of our production; so, let's encourage and facilitate exports.

- * World markets are increasingly competitive, and domestic markets feel the pressure of synthetics and substitutes; so, let's not lose overseas markets or give over domestic markets to synthetics by establishing unrealistically high support prices.

- * Farmers know better than anyone else how best to use their resources to make a profit; so, let's maximize farmer decision-making and allow domestic production to shift to where its advantages are.

* Government-held stocks hover over the market to depress prices and make money for firms with storage facilities; so, let's minimize government-held reserves and leave the supply in the hands of farmers, and give farmers the tools to carry the risk, market at the best prices, and earn the profits for carrying the crop from times of abundance to times of shortage.

The Act of '70 seeks to maximize farm income (under the formula of Price x Quantity - Expenses = Income) by attempting to secure (1) a reasonable, market-dominated but protected price; (2) a maximum possible quantity through large exports and extensive domestic use; and (3) minimum expenses assisted by allowing farmers to spread their fixed costs over more production and the greater efficiency which the increased decision-making freedom allows.

Of the alternatives to the Act of 1970 being bantered about--one, in particular, seems to be surfacing as the contrasting approach. It's certainly not new.

It's basic principle is this: The most important factor in the farm income formula is price. This approach involves high per unit price supports. It would complement those high support levels by instituting a sizeable government-held reserve. Some exponents of this approach would favor an export subsidy to maintain export markets, and high import tariffs to maintain the domestic market. Others would institute high-cost rigid production controls, perhaps mandatory historical quotas, to reduce production to a level which would achieve the high support prices despite loss of export markets.

With these two alternatives in mind, let's consider the key issues which every farmer--and indeed this great farm organization--must weigh in an attempt to place farm policy in realistic perspective.

Do we want an expanding agriculture--or a shrinking agriculture?

An expanding agriculture is the best solution to declining farm numbers. A shrinking agriculture can't help but hasten the exodus from farming. The thrust of expansion in the 1970 Act has had a positive effect on farm numbers--especially compared with the restrictive backward-looking programs of the 1960's. Under the Act of '70 we've cut in half the rate of decline in farm numbers, from an average of about 104,000 per year in the 1960's to only 45,000 for 1971.

An expanding agriculture is the best foundation for sound and effective rural development--a goal to which we are firmly dedicated. An expanding agriculture means a more thriving, opportunity-laden rural America; more demand for production goods, services, credit, labor; and more product to move and process and merchandize--the building blocks which form economically sound rural communities. A shrinking agriculture reduces rural development to no more than an empty, futile slogan.

An expanding agriculture lets American farmers take advantage of their competitive advantage in worldwide farm production. We have been working hard to expand exports--and those efforts have paid off. Farm exports totalled \$7.8 billion in 1971--an all-time record. An historic \$150 million sale of feed grains to Russia was accomplished last Fall. And on Saturday, President Nixon announced the largest commercial grain deal in history--a three-year agreement with Russia to purchase \$750 million of US-grown grains.

The Russians will buy at least \$200 million the first year (August 1, 1972 to July 31, 1973). They will buy through normal commercial channels; they will be allowed the same terms and conditions of credit that would go to any other trading partner; and they may choose which US grains to buy--wheat, corn, barley, sorghum, rye or oats.

Assuming the Russians buy only the minimum quantities under the agreement--and I fully expect them to buy more--US grain exports would increase approximately 17% over the 1969-1971 average. If the Russians were to take the entire amount of grain under the agreement in corn, which we don't expect them to do, it would be the equivalent of approximately 550 million bushels of corn--and that would be 10% of our record 1971 corn crop.

Somewhere between 22,500 to 37,500 man years of work for US workers will be created by this deal. We estimate that each \$100 million in grain exports creates about 3,000 to 5,000 additional jobs--so, since at least \$750 million is involved, the positive impact upon the US employment situation will be quite significant.

The US balance of trade will be substantially strengthened by this \$750 million agreement. This indeed accents the key role agriculture plays in strengthening this nation's balance of payments situation in the world.

This agreement between the world's two leading nations will help measurably to move American agriculture down the road to an expanding agriculture with expanding markets where our farmers have a chance to expand their production. An expanding agriculture will capture for American farmers--who are the world's most efficient--a good share of the growing worldwide market. A shrinking American agriculture will relinquish those markets to foreign governments.

Do we want voluntary programs--or rigid mandatory controls?

If we've learned one thing in this nation's nearly 45-year history of government farm programs, it's this: High per unit price supports require their inevitable Siamese twin of rigid controls.

High price guarantees make it impossible to maintain any semblance of balance between production and use; they offer undesirable incentives for excessive production; and at the same time they discourage much needed increases in consumption. And politicians have never been quite willing to adopt controls strict enough to make these price guarantees work.

It's clear that voluntary controls are not compatible with excessive government price guarantees. Farmers are just too skilled at using the pencil--and they know what excessive price guarantees do to the market. They soon calculate a greater return by staying out of the program. Then production surges upward, surpluses mount, high government price guarantees inhibit trade and domestic sales--and the only way to get production back in line, while maintaining those high per unit price supports, is to slap on rigid, mandatory controls.

Do we want a market-dominated agriculture--or a government-dominated agriculture?

A market-dominated agriculture lets production shift and adjust as consumer preferences change and as export demand grows. It is forward-looking. It lets farmers make production decisions based on crop profitability, and it tends to let farm production shift and adjust to farmers who can produce each crop best. A government-dominated agriculture is, almost by definition, backward-looking. Production becomes based on historical patterns and crop histories--yesterday's rotations and yesterday's yields.

A market-dominated agriculture means that consumers will pay the full cost of the food they obtain--and a government-dominated agriculture will tend to subsidize food costs to consumers. Cheap subsidized food priced below cost of production is the birthright of no man who can afford to pay for it. A market-dominated agriculture will insure that those who can afford to do so will pay the cost of the abundant, nutritious food they enjoy. There are other ways to help those whom society seeks to help without doing so through a government-dominated agriculture.

A market-dominated agriculture will not make farmers dependent for their incomes and welfare upon a consumer-oriented Congress. A government-dominated agriculture is overly dependent on farmers' diminishing muscle at the ballot box.

A market-dominated agriculture has made it possible for cotton to get back on its feet after several years of difficulty. A market-dominated agriculture has helped soybean demand expand by 300 million bushels since 1968--that's equivalent to the production from 10.5 million acres of land which have been taken out of excess crops and put to an income use. Continuation of a government-dominated agriculture would have killed the American cotton industry and would have prevented meaningful expansion of soybean production.

Do we want farmers to have leverage in the marketplace--or government to have leverage in the marketplace?

Programs designed to increase farmers' leverage in the marketplace give farmers control over all of their planting and marketing decisions. Government leverage in the marketplace reduces farmer decision-making.

When farmers control production reserves--then farmers call the tune, farmers earn the bulk of income that's made from storage, and farmers benefit from any equity gains. When the government controls reserves--then farmers lose their options, and profits go to firms who store grain for the government. Further, farmers have yet to voice anything but universal criticism of the pricing and timing of government-held commodity sales.

Putting market leverage in the hands of farmers substantially increases farmers' ability to maximize returns. Under the present program, producers are permitted, for the first time, to contract for future sale of their grain, and carry it under loan until delivery. There is no loss of loan eligibility. This forward contracting provision gives farmers greater leverage in taking some of the risk out of price changes--while they maintain control of the grain, earn returns from storage, and work for the best terms of sale. Placing market leverage in the government's hands leaves farmers with few options to pursue to seek the greatest returns.

No one involved in farm policy deliberations has as much at stake as you do. Farm Bureau, in the months ahead, has a great opportunity to clarify the farm policy alternatives and to bring clear focus to the real issues in this debate.

For A.M. Release, July 11, 1972

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Director
National Agricultural
Library
Beltsville, Md.

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THE VANGUARD OF AGRICULTURAL PROGRESS

Food is the first law of life. Those of us who have the responsibility of administering our Nation's food and fiber programs are concerned with the welfare of all mankind. If there is any universal language, it is the language of food.

This Administration is proud of your outstanding performance as the advance guard of agricultural progress. I wish the entire American public could have a greater appreciation of the vital work you do. You are leaders of the front-line shock troops for the Department of Agriculture in the paramount mission of assuring an abundant food supply and improving farm income.

Your duties may seem burdensome at times, but you form the spearhead of the production team whose efforts mean the difference between scarcity and abundance. You are the key links in translating policies into action out where the crops are grown. It is your task, by mandate of Congress, to interpret and explain and advise, so that farm programs are implemented effectively. We also depend on you to report grass roots reactions from the field back to headquarters. I congratulate you on carrying out that mandate in superlative fashion.

You deserve to share full credit for the gains of the past four years.

The ASCS operation--county, State, and Federal--has been in the forefront of the healthy new direction taken by agriculture. I take real personal pride in being a co-worker with you in this great and significant effort.

Address by Secretary of Agriculture Earl L. Butz, National Agricultural Stabilization and Conservation Service Conference, Washington, D.C., July 11, 1972, 9:30 A.M. EDT

Agriculture is very much a part of the total scene of change. This is true whether we're talking about the drive to eliminate poverty-caused hunger and malnutrition on the home front, or the expansion of agricultural trade on the international front. The transition in farming stems in large degree from the new approaches, new programs, and new attitudes made possible by a piece of land-mark legislation, the Agricultural Act of 1970.

ASCS people merit high praise for the success of programs under the 1970 Act.

Legislation itself only sets the goals and directions--it takes people to make legislation get results. I want to use this occasion to praise you and all farmers who have sensed the purpose of the 1970 Act and are making it succeed. I hope you will convey our feelings to them. When you get back home, relay to your farmer friends and rural neighbors the message of pride that we have in them.

Not only are we proud of farmers, but also we are proud of the farming profession and what it means to the basic welfare and stability of America.

Just a few days ago, new figures came out, showing that our agricultural community continues to outpace other industries in efficiency and productivity growth. As agriculturalists, we can hold our heads high when we realize that even in this time of high costs, American consumers are obtaining food for the lowest percentage of their disposable income in the history of this or any other country on earth. And this

is despite the fact that the statistics on spending for food include the meals that more and more people are eating in luxury restaurants and hotels where service charges have gone sky high.

We also share with you our feelings of pride and satisfaction that programs under the 1970 Act are making American agriculture a positive force in world trade. Two years in a row--1970 and 1971--all records for U.S. farm exports were smashed. Last year's level of \$7.8 billion was an all-time high mark, in spite of the dock strikes. And the prospects ahead look good, especially with the President's announcement last Saturday of the largest grain deal in the history of the world--the three-year agreement to sell the Soviet Union at least \$750 million worth of American wheat, corn, and other grains.

The Russians will buy at least \$200 million worth of grain the first year--August 1, 1972, through July 31, 1973. They will make their purchases through normal commercial channels, with the same terms and conditions of credit that would go to any other trading partner. Assuming the Russians were to buy only the minimum quantities under the agreement, U.S. grain exports would increase about 17 percent over the 1969-1971 average. My expectations are that the actual Soviet purchases will amount to considerably more than the \$750 million.

The beneficial impact of this historic transaction on agriculture and the total U.S. economy will be enormous. It's estimated that each \$100 million in grain exports creates from 3,000 to 5,000 additional jobs--and since \$750 million is involved, this means between 22,500 to 37,500 man years of work for Americans.

Also, of course, the U.S. balance of trade will be substantially strengthened by this agreement. Moreover, as Dr. Kissinger points out, the grain deal will serve as a basis to advance broader relations with Russia throughout the commercial field. This agreement will help substantially to move American agriculture along the road that the President has indicated he wants to move--a growing agriculture with increasing markets where our farmers have a chance to expand their production and sales.

You of ASCS are helping farmers improve their financial standing.

The President and I have hammered incessantly on the fact that agriculture's No. 1 need is improved income for farmers. Improved income means more money in farmers' pockets. Farmers spend money, real cash, in order to live and do business. But it takes more than words and vocalizing to get that--it demands farm programs that are on target--and people like you to see that the programs go into action.

We still have a good way to go before the average income of farm people reaches a level on a par with non-farm people. Nevertheless, we can all take considerable satisfaction that programs under the 1970 Act are showing encouraging results with regard to an improved income situation. For some time we have been predicting that total net income realized from farming this year will amount to at least \$17.5 billion, the highest in history. We now expect that figure to be exceeded by quite a sizeable sum. And the trend is up for net income per farm and net income per farmer. Gross farm income will set a record for a fourth year in a row.

On top of that, the average annual decline in number of farms for 1970, 1971, and 1972 is running less than half the average annual decline that took place during the 1960's. We want to do better, but this is progress.

This kind of progress didn't just happen. It took place because people like you encouraged farmers to give the new set-aside programs a real chance. You helped farmers sign up in record numbers--and you have made it your business to move the programs along in the spirit of the 1970 Act.

You are helping farmers produce for the best market opportunities.

The real key to the success of the commodity programs last year and this year is that they are being carried out in a common-sense concept--farm production should be geared as much as possible to the true demands of markets, at home and abroad. You have taken part in the turn-around from rigid controls and production quotas to a new situation. Farmers now have the freedom to exercise their own managerial judgment as to how they can make best use of their own inputs and resources for profit potentials.

As a result, we are seeing some basic, significant shifts in cropping patterns. Movements of production to regions of greatest efficiency and productivity. New approaches to taking best advantage of profit-making opportunities. And better balance sheets for many farm operators.

Above all, the turn-around has begun to put the business of American agriculture into a more competitive position than existed under the sterile, rigid programs of the past. We are moving into a period where competition, spurred by greater efficiencies, can and must lead to market expansion.

You will have new challenges as farm programs move ahead.

Let's resolve to keep on doing our utmost to fulfill the spirit of the 1970 Act--to continue making adjustments necessary to remain efficient, to seek out and develop new market outlets, to encourage the freest possible movement of resources where needed to achieve greater efficiencies and economies in farm operations.

No doubt there will always be a need and place for many of our farm programs. The underlying effort, however, should be to orient them toward producing for expanding markets, expanding production, expanding sales, and expanding income for farmers. That's the essence of the 1970 Act--and we are beginning to see it become a reality. Each of you can contribute to this new direction--a direction of promise and hope as compared with the dead-end farm philosophy of the 1960's.

When you come right down to it, there are really only two choices for agriculture--two positions which different people may choose to take, one or the other. The one calls for the kind of guaranteed protection that only a totalitarian government can fully provide--artificially high loan levels, production for government storage and not for the honest-to-God market requirements, programs that stalemate farm operations and cause shrinking markets. The other course, the one on which we are embarked, opens the way to healthy competition, to market expansion, and farming decisions by farmers instead of bureaucrats. These basic choices pose a real challenge to you.

There are other challenges that you will be wrestling with as time goes on. Let me remind you, for example, that the President and his Administration intend to make the Equal Employment Opportunity Act of 1972 bring real results. ASCS has made a good record over the years in equal employment opportunity--permanent full-time employment for minorities has increased in ASCS from about 8 percent in 1969 to nearly 12 percent at present. The employment of minorities at the county office level has been less outstanding, however, and accounts for only 4 percent of total employment.

Just as you have carried the banner well in administering the commodity and REAP programs, I am confident that you will try to set a good pace in providing jobs and advancement for men and women of minority groups.

You can prove that ASCS has a heart--and that this is an Administration that has compassion.

The recent onslaught of natural disasters is another example of the kinds of challenges you will be contending with--often unexpectedly, as in the case of Tropical Storm Agnes and the havoc it caused along the eastern seaboard. This sort of catastrophe calls on ASCS people at all levels to exercise their best judgment, responsibility--and compassion.

Here in Washington we talk in income totals and averages and straight-line economics, as I have done today. But when one farmer's crops are flooded out, for him that's disaster, pure and simple, even if it doesn't make much of a dent on the averages. We want ASCS people who will sympathize and give their best advice in circumstances like this--this is an Administration that cares, and we want an ASCS organization that cares.

With the kind of teamwork that you have already demonstrated, and with the kind of support the vast majority of farmers are giving, I am convinced that America's agriculture is moving into a brighter and better era for all.

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For P.M. Release, July 11, 1972

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The Wisdom of a Positive No

It's easy to say yes. Every parent knows that. So does anyone who's ever been in love. And so does any leader who seeks public favor, or any nation which courts worldly prestige.

In a world where rapid change alters the facts almost before they can be recorded--it takes real wisdom to decide to say No. In this confrontation age when demands are more insistent than questions--it takes real conviction to mean No. In a society which hasn't heard No for a long time--it takes real courage to say No.

Three weeks ago today, this nation heard a wise and courageous No when the Administration said No to a freeze on cattle prices. That was a resounding No. It was indeed a No heard round the world. It was a positive No. It was a No based on wisdom and knowledge of the facts. It was a No held with the conviction that it was the right answer. And it was a No spoken with great courage.

It was a positive No because it echoed loudly and clearly the truths born from a careful and complete examination of the beef price situation.

Will beef price controls work? The answer is No.

Beef is one of our most perfectly market-oriented commodities. Beef prices move upward and downward to keep production and consumption in balance.

In times of shortage, higher beef prices encourage increased supplies and apportion supplies to consumers. In times of abundance, lower beef prices send up a signal to reduce beef production and move more and more beef across meat counters.

Address by Secretary of Agriculture Earl L. Butz at the American Cattlemen's Conference, Ft. Collins, Colorado, July 17, 1972, 11:00 a.m. MDT

Controlled meat prices foul up the pricing mechanism. Controls were tried in the OPA days of WWII. What was the result? Black markets, rationing, subsidies, allocations, regulations, and a whole host of government officials checking prices, and hauling people into court. And empty meat counters. A consumer receives no benefit from low beef prices if no beef is available at that price.

Are farmers and ranchers to blame for beef prices? The answer is No.

If farmers and ranchers could manipulate farm prices at will--you can bet beef producers wouldn't have let cattle prices drop as they did to the low levels of two years ago. Farmers wouldn't have let hog prices plummet in 1970, and they would have done something about the price of eggs this year which has been at the lowest level in 25 years.

Farmers don't set beef prices--consumers do. To begin with, beef prices are demand-dominated prices. In the short run, you just can't get any more beef--the supply is invariable because beef is perishable and production is the result of a slow biological process. Price is basically determined by consumer demand. If demand surges upward, beef prices will climb. If demand falls off, beef prices will drop. But supply changes slowly.

So, the beef price situation is affected by this fundamental principle--beef is a demand-dominated market. And consumers determine demand--not farmers. The plain fact is that we are experiencing an unprecedented explosion in demand, with new records each month in numbers of people gainfully employed at high wages, and with widespread assistance in food distribution at the lower end of the income spectrum.

Does the President's decision to lift meat import quotas mean that consumers are being courted at the expense of beef producers? The answer is No.

When President Nixon announced three weeks ago today that our voluntary meat import restrictions were being removed for the remainder of 1972, he said very clearly--and I want to quote his words--"This Administration is firmly determined to prevent unjustified increases in the cost of food." But notice the word "unjustified"--that word indicates that the President intends nothing but absolute fairness for beef producers. And he means it.

The President also made it abundantly clear that his actions were not aimed at the American farmer whose income, in the President's words, " has only begun to approach reasonable levels." He knows that farmers get only 40¢ of every food dollar. He knows that per capita farm income is only 75% of the per capita income of non-farm people. And that isn't good enough.

Every beef producer can now look consumers and their advocates squarely in the eye and say: Look at the American beef industry--it has no price supports; it has no production controls; it is not in any way insulated from the forces of the world market; it makes meat available to consumers at competitive prices. There are no significant market-protection favors extended to the beef industry.

Consumers now have no legitimate grounds for complaint. After all, it is consumer demand which pushes beef prices upward. If prices increase--we can say to the consumer: the beef industry receives no special concessions; unprecedented demand from consumers with rising real incomes is responsible for beef price increases.

To any consumer who charges: But doesn't the beef industry have unfair market protection--the answer is a straightforward and positive No!

This Administration has taken positive action to control distribution margins and to assure consumers that food costs will be kept as reasonable as possible, consistent with the maintenance of our traditional market-oriented distribution system.

Will lifting meat import restrictions dramatically affect beef prices?
The answer is No.

When the President lifted the import restrictions, he made it clear that this would not have an immediate effect upon beef prices.

Meat is scarce worldwide. It will be difficult to import very much more beef and nearly impossible to get very much more of the high quality beef the American consumer prefers. Worldwide demand for meat has escalated. The European Community has become an extremely competitive market for the major beef exporters--Argentina, Australia, and New Zealand. United Kingdom beef markets are taking Irish beef which might have come to us. Internal demand for beef in Canada will reduce potential Canadian shipments to the U.S. And New Zealand's beef supply is down. We will get some increased shipments from Australia and Mexico.

Around the world, cattle producers are reacting to attractive prices by holding back cows and heifers for herd building that might otherwise have been slaughtered. It is a simple fact that a cow produces just one calf a year, and that in times like these modern livestock producers save females for breeding.

Unless international meat suppliers choose to sell in a lower price market--rather than in a higher price market--the mere lifting of meat import restrictions may not have as much effect on the supply of meat which comes into the United States as many would desire. However, we feel that enough extra beef will flow to our shores to blunt further rises in beef prices that might have occurred in the absence of the action taken.

To the extent that this move is successful in bringing in more beef, this will keep our people in the habit of eating more beef until that time when our domestic supply can be increased. This is in the best long term interest of cattlemen.

There are other factors at work in the beef market at the same time. We do know that there are more cattle on feed--10 to 12% more--than a year ago. Trading on the cattle futures market indicates that the professional traders in the meat industry think that cattle prices will move down slightly in the months ahead.

While the total effects of lifting meat import quotas are not clear, one thing is clear. This pronouncement was more than the victory of a wise decision over an unreasonable alternative. It was a symbolic decision. Reason prevailed over pressure. Emotions were tempered by economic reality.

Have beef producers failed to respond to market demand? The answer is No.

Farmers and ranchers have increased their beef production by 2-1/2 times in the last twenty years--from 8.8 billion pounds in 1951 to 21.9 billion pounds in 1971. That's a tremendous increase. Normally, an increase of 2-1/2 times in beef production--while the population increased by only one-third--would tend to depress beef prices. But it has not.

Beef prices have not been depressed because this increase in production has been in response to a remarkable increase in beef demand brought about by rising real wages and incomes. In fact, in the last 20 years, annual beef consumption per person in this country has doubled--from 56 pounds per person 20 years ago to 115 pounds per person today.

Since beef is priced in a demand-dominated market, it is only reasonable to expect that the constantly increasing affluence of the American consumer, as well as abrupt increases in Food Stamp use in the last three years, and rising welfare benefits, would eventually push beef prices upward. This is precisely what has happened. As demand increased, the supply of beef could not change quickly. The only way supply could really have increased measurably in the short run would have been to slaughter cows and heifers. And when that happens the piper really has to be paid 18 months later. We haven't yet found a way to get a two-year old heifer in anything less than 24 months. Instead, beef prices have increased--giving signals through the market to the beef producer that increased supplies are needed.

Won't it be a simple matter to increase beef production down the road?
The answer is No.

Annual beef consumption per person will soon reach 120 pounds, and the projection for 1980 is 130 pounds per person. This, coupled with the projected population increase, will demand a one-fourth increase in beef tonnage in just the next eight years.

No matter how we slice it, that increased beef tonnage is going to be hard to come by: Our ranges can't hold very many more cows; we have made most of the shift from dairy to beef; we have closed the greatest part of the feeding efficiency gap; and meat imports are not a long term answer. So in the long run, increased beef production will occur at the margins: 1) in those fringe areas of the Corn Belt and in the South as beef production is weighed against other attractive farming alternatives; 2) in shifts from dairy to beef production, which from now on will be limited; 3) at the feeding margin where maximum efficient feeding periods and maximum feeding efficiency have been nearly reached; and 4) in the international market, where the growing worldwide demand for beef makes other markets an increasingly better outlet than the U.S. for beef export nations.

No matter which margin is approached, there must be ample inducement if beef production is going to be increased. That inducement must come in the form of cattle prices--prices substantial enough to induce western ranchers to keep a few more cows--if they can find the extra water, prices substantial enough to induce the Corn Belt and Southern farmers to raise cows instead of corn and soybeans, prices substantial enough to make beef production more profitable than dairying, prices substantial enough to make longer feeding pay, prices substantial enough to outbid beef buyers in other parts of the world.

The chief source of increased beef production will be in this country, with the people who are now in the beef business. But it must be clearly understood that increased beef production will not be automatic. There must be profit in it. If we are going to get more beef production--it's got to be profitable enough to pull the resources involved--financing, land, labor, equipment, and management--away from other alternatives.

I'm really saying that the facts of the matter don't indicate markedly cheaper meat prices down the road. But the way to increase meat supplies is to have strong prices, to put a little profit on the range and in the feedlot. That will induce gradually increased beef production. And increased production will hold prices to consumers at reasonable levels.

Beef price controls will not work. Farmers and ranchers are not to blame for beef prices. Consumers are not being courted at the expense of beef producers. Lifting meat import restrictions will not substantially affect beef prices. Beef producers have not failed to respond to demand. Increased beef production will not be automatic.

It's time the world realized that some questions must be answered No. And sometimes--as in the case of whether or not to control beef prices--No is the most positive answer of all.

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3
U.S. Department of Agriculture
Office of the Secretary

For P.M. Release
July 18, 1972

No part of the Federal Government has such a close tie to the people it serves as does the United States Department of Agriculture.

The farmers and ranchers who direct the Agricultural Stabilization and Conservation Service activities in every county and every State of this great land of ours--and the field professionals who see to the system's operation--are literally right on top of many tough day-to-day problems. You are the front line of the Department of Agriculture, and I count it a privilege to talk with you about a matter which deserves your careful attention.

A critical farm policy debate is emerging. You have already heard its rumble. The whiff of brewing controversy is in the air. And the election year fire which heats it burns higher day by day.

Honest, dedicated men will differ in their approaches to farm policy. And there is, of course, no single flawless way to achieve the goal which we all seek: a fair return to farmers for their investment, their labor, their management skill, and their risk--and, at the same time, a maximum degree of freedom for farmers to manage their own farms in line with individual preferences and sound husbandry.

Any discussion of farm policy must recognize the fact that we have a farm production plant--land, labor, management, capital, and know-how-- already geared to producing more than we can currently market at satisfactory prices. So farm policy alternatives boil down to ways to deal with that fact.

One approach is embodied in the Agricultural Act of 1970 which expires next year. That approach basically, is this:

Address by Secretary of Agriculture Earl L. Butz at the Wisconsin State ASCS Conference, Oshkosh, Wisconsin, July 18, 1972, 2:00 p.m. CDT

* Farmers are happier when they are producing--and the public mood, reflected in the Congress, is less critical when farmers are producing; so, let's let farmers produce.

* To survive then, we must look to exports to market a substantial part of our production; so, let's encourage and facilitate exports

* World markets are increasingly competitive, and domestic markets feel the pressure of synthetics and substitutes; so, let's not lose overseas markets or give over domestic markets to synthetics by establishing unrealistically high support prices.

* Farmers know better than anyone else how best to use their resources to make a profit; so, let's maximize farmer decision-making and allow domestic production to shift to where its advantages are.

* Government-held stocks hover over the market to depress prices and make money for firms with storage facilities; so, let's minimize government-held reserves and leave the supply in the hands of farmers, and give farmers the tools to carry the risk, market at the best prices, and earn the profits for carrying the crop from times of abundance to times of shortage.

The Act of '70 seeks to maximize farm income (under the formula of Price x Quantity - Expenses = Income) by attempting to secure (1) a reasonable, market-dominated but protected price; (2) a maximum possible quantity through large exports and extensive domestic use; and (3) minimum expenses assisted by allowing farmers to spread their fixed costs over more production and the greater efficiency which the increased decision-making freedom allows.

Of the alternatives to the Act of 1970 being bantered about--one, in particular, seems to be surfacing as the contrasting approach. It's certainly not new.

Its basic thrust is this: The most important factor in the farm income formula is price. This approach involves high per unit price supports. It would complement those high support levels by instituting a sizeable government-held reserve. Some exponents of this approach would favor an export subsidy to maintain export markets, and high import tariffs to maintain the domestic market. Others would institute high-cost rigid production controls, perhaps mandatory historical quotas, to reduce production to a level which would achieve the high support prices despite loss of export markets.

With these two alternatives in mind, let's consider the key issues which every farmer--and indeed every American--must weigh in an attempt to place farm policy in realistic perspective.

Do we want an expanding agriculture--or a shrinking agriculture?

An expanding agriculture is the best solution to declining farm numbers. A shrinking agriculture can't help but hasten the exodus from farming. The thrust of expansion in the 1970 Act has had a positive effect on farm numbers--especially compared with the restrictive backward-looking programs of the 1960's. Under the Act of '70 we've cut in half the rate of decline in farm numbers, from an average of about 104,000 per year in the 1960's to only 45,000 for 1971.

An expanding agriculture is the best foundation for sound and effective rural development--a goal to which we are firmly dedicated. An expanding agriculture means a more thriving, opportunity-laden rural America; more demand for production goods, services, credit, labor; and more product to move and process and merchandize--the building blocks which form economically sound rural communities. A shrinking agriculture reduces rural development to no more than an empty, futile slogan.

An expanding agriculture lets American farmers take advantage of their competitive advantage in worldwide farm production. We have been working hard to expand exports--and those efforts have paid off. Farm exports totalled \$8.0 billion in the fiscal year 1971-72--an all-time record. An historic \$150 million sale of feed grains to Russia was accomplished last Fall. And on July 8, President Nixon announced the largest commercial grain deal in history--a three-year agreement with Russia to purchase \$750 million of US-grown grains.

The Russians will buy at least \$200 million the first year (August 1, 1972 to July 31, 1973). They will buy through normal commercial channels; they will be allowed the same terms and conditions of credit that would go to any other trading partner; and they may choose which US grains to buy--wheat, corn, barley, sorghum, rye or oats.

Assuming the Russians buy only the minimum quantities under the agreement--and I fully expect them to buy more--US grain exports would increase approximately 17% over the 1969-71 average. If the Russians were to take the entire amount of grain under the agreement in corn, which we don't expect them to do, it would be the equivalent of approximately 550 million bushels of corn--and that would be 10% of our record 1971 corn crop.

Somewhere between 22,500 to 37,500 man years of work for US workers will be created by this deal. We estimate that each \$100 million in grain exports creates about 3,000 to 5,000 additional jobs--so, since at least \$750 million is involved, the positive impact upon the US employment situation will be quite significant.

The US balance of trade will be substantially strengthened by this \$750 million agreement. This indeed accents the key role agriculture plays in strengthening this nation's balance of payments situation in the world.

This agreement between the world's two leading nations will help measurably to move American agriculture down the road to an expanding agriculture with expanding markets where our farmers have a chance to expand their production. An expanding agriculture will capture for American farmers--who are the world's most efficient--a good share of the growing worldwide market. A shrinking American agriculture will relinquish those markets to foreign governments.

Do we want voluntary programs--or rigid mandatory controls?

If we've learned one thing in this nation's nearly 45-year history of government farm programs, it's this: High per unit price supports require their inevitable Siamese twin of rigid controls.

High price guarantees make it impossible to maintain any semblance of balance between production and use; they offer undesirable incentives for excessive production; and at the same time they discourage much needed increases in consumption. And politicians have never been quite willing to adopt controls strict enough to make these price guarantees work.

It's clear that voluntary controls are not compatible with excessive government price guarantees. Farmers are just too skilled at using the pencil--and they know what excessive price guarantees do to the market. They soon calculate a greater return by staying out of the program. Then production surges upward, surpluses mount, high government price guarantees inhibit trade and domestic sales--and the only way to get production back in line, while maintaining those high per unit price supports, is to slap on rigid, mandatory controls.

Do we want a market-dominated agriculture--or a government-dominated agriculture?

A market-dominated agriculture lets production shift and adjust as consumer preferences change and as export demand grows. It is forward-looking. It lets farmers make production decisions based on crop profitability, and it tends to let farm production shift and adjust to farmers who can produce each crop best. A government-dominated agriculture is, almost by definition, backward-looking. Production becomes based on historical patterns and crop histories--yesterday's rotations and yesterday's yields.

A market-dominated agriculture means that consumers will pay the full cost of the food they obtain--and a government-dominated agriculture will tend to subsidize food costs to consumers. Cheap subsidized food priced below cost of production is the birthright of no man who can afford to pay for it. A market-dominated agriculture will insure that those who can afford to do so will pay the cost of the abundant, nutritious food they enjoy. There are other ways to help those whom society seeks to help without doing so through a government-dominated agriculture.

A market-dominated agriculture will not make farmers dependent for their incomes and welfare upon a consumer-oriented Congress. A government-dominated agriculture is overly dependent on farmers' diminishing muscle at the ballot box.

A market-dominated agriculture has made it possible for cotton to get back on its feet after several years of difficulty. A market-dominated agriculture has helped soybean demand expand by 300 million bushels since 1968--that's equivalent to the production from 10.5 million acres of land which have been taken out of excess crops and put to an income use. Continuation of a government-dominated agriculture would have killed the American cotton industry and would have prevented meaningful expansion of soybean production.

Do we want farmers to have leverage in the marketplace--or government to have leverage in the marketplace?

Programs designed to increase farmers' leverage in the marketplace give farmers control over all of their planting and marketing decisions. Government leverage in the marketplace reduces farmer decision-making.

When farmers control production reserves--then farmers call the tune, farmers earn the bulk of income that's made from storage, and farmers benefit from any equity gains. When the government controls reserves--then farmers lose their options, and profits go to firms who store grain for the government. Further, farmers have yet to voice anything but universal criticism of the pricing and timing of government-held commodity sales.

Putting market leverage in the hands of farmers substantially increases farmers' ability to maximize returns. Under the present program, producers are permitted, for the first time, to contract for future sale of their grain, and carry it under loan until delivery. There is no loss of loan eligibility. This forward contracting provision gives farmers greater leverage in taking some of the risk out of price changes--while they maintain control of the grain, earn returns from storage, and work for the best terms of sale. Placing market leverage in the government's hands leaves farmers with few options to pursue to seek the greatest returns.

I have yet to see a farm program administered which wouldn't benefit in large measure from the enlightened wisdom of the men who stand on the front lines, day in and day out, keeping those farm programs responsive to farmers' needs and making those programs work effectively. You know the farmers of Wisconsin. You know what they need--and what they want. And you know what farm programs can and cannot do.

Few people involved in farm program administration possess your keen insight, and barnyard horse sense. Few people in the months ahead will have greater opportunity than you to influence the wise and sound administration of farm programs to fit the times.

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For P.M. Release July 18, 1972

USDA 2327-72

Asst. Dir. NAL
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LANDSCAPE FOR LIVING

Statistics prove that most people like and want growing things to brighten up their lives--flowers, grass, trees, and shrubs. In a recent survey, a broad sampling of the public was given 26 different items to choose from--things that they considered most important to their happiness. A large majority favored having "green grass and trees around me" as a positive element of pleasant living.

That's not surprising, because whether we live in urban areas or in the countryside, there's a touch of the farmer in most of us--a love for growing things. With a little more understanding of what ornamental plants can do, with planning and foresight, and with the kind of expertise that professionals like you can offer, I firmly believe that people's interests can be cultivated and developed into a positive force for the long-range enhancement of our natural environment.

For a long time, we at the Department of Agriculture have fostered a fine, working relationship with this country's farmer nurserymen. The results can be seen in improved landscapes almost anywhere you look--beauty spots and belts of greenery which are contributing tangibly to environmental improvement.

It is most timely and appropriate, therefore, that this occasion gives me the opportunity to introduce to you and the American public the new Yearbook of Agriculture. Entitled Landscape for Living, it focuses attention on how plants can enrich our environment--in the home garden, in the neighborhood, in public areas, in shopping malls and residential developments, and in new communities.

Address by Secretary of Agriculture Earl L. Butz, introducing the 1972 Yearbook of Agriculture, Landscape for Living, at the national convention of the American Association of Nurserymen, Washington, D.C., July 19, 1972, 11:30 A.M., EDT

We are confident that this volume will provide much assistance to city dwellers, suburbanites, farmers, countryside residents, and in fact, all Americans wishing to improve the natural settings in which they live, work, and relax. It covers a wide scope in dealing with plants in the environment. Home owners, garden club members, civic leaders, planners, citizen groups, and environmentalists will find many facts and new ideas in this book.

The first step toward a better environment can be a crucial one.

For many an individual, the planting of a tree, setting out a shrub, or seeding a lawn can often prove to be a vital first step in doing something positive about improving the environment. But even a simple first step must be carefully taken, as you nurserymen well know. The tree may need the ability to withstand smog. The shrub may have to tolerate constant sunlight or be able to survive in shade. The lawn may have to live through heavy foot traffic or chemicals used for melting snow.

Guidance on the right kinds of plants for the proper spots can come from professionals like yourselves, as well as from Extension agents and other Government specialists. The 1972 Yearbook compiles a large amount of this kind of useful information, in a handy form. However, since ours is a huge country with all kinds of soils and climates, the general information in the book will need to be supplemented with local know-how. You nurserymen combine the wherewithal --the proper trees, shrubs, and plants--and the "know-withal."

Florists, garden groups, horticultural societies, the Soil Conservation Service, and in particular, the Land Grant educational institutions, are additional important sources of gardening information. And for facts and advice about trees, people can turn to the Forest Service and the State and metropolitan foresters. The United States is blessed with rich and wide-ranging informational resources to help create a landscape for living.

Search and research--these are vital keys to horticultural progress.

Close at hand, here in the District of Columbia, the Department of Agriculture maintains the National Arboretum, a showplace for woody plants. Also nearby in Beltsville, Maryland, is the Agricultural Research Center. In contrast, the Department sends explorers to the world's most remote places in search of vegetative life that may add exciting new varieties to the landscape of America--our programs literally range from Beltsville to Borneo.

Many new ornamentals have come from these searches--the Glenn Dale azaleas and Bradford pear, for example. Two years ago our explorers brought more than 200 collections from the wilds of New Guinea. Last winter they introduced nearly 300 collections, including rhododendrons, lilies, junipers, and birches from Siberia--the first U.S. botanical exploration of Siberia since the 1930's. Today's expeditions are financed with the cooperation of the famed Longwood Gardens near Wilmington, Delaware.

You nurserymen range far, too--from your support of the Youth Garden project here in Washington to your nationwide Green Survival program. Efforts like these combine the results of search and research with practical applications, and all the people benefit.

Another case in point is the work of the Forest Service, whose 190 landscape architects comprise the largest single force of such specialists in any agency or organization in the Nation. Recent congressional authorization will enable the Forest Service to extend its assistance to cities and towns. Through cooperative agreements with States, the Forest Service can provide cost-sharing and technical help to communities seeking to improve the quality of their open-space environment.

These programs are backed by ongoing research projects of many kinds. They seek to discover trees best suited to withstand smog. They are looking into combinations of trees and shrubs that reduce noise pollution. They aim to control insects and diseases that attack shade trees and urban groves. They are developing fast-growing trees, such as the genetically improved cottonwood--with a growth rate of about 12 feet a year, this variety may soon provide almost "instant" shade and screening.

We are increasing our ability to fight pollution with plants and trees.

Through horticultural progresses and through advances in the nursery industry that you represent, America will take significant steps in its concern for the environment--following in the path of the farmer who has long felt this concern. For generations the farmer has been practicing conservation with contour plowing, use of trees for windbreaks, techniques to prevent erosion and run-off.

The farmer is no Johnny-Come-Lately in dealing with environmental problems; and much that he has learned, together with research and field trials by USDA, the Land Grant universities, and numerous other public and private agencies, will provide new resources in the battle against pollution. Under a Forest Service grant to the American Society of Landscape Architects Foundation, for instance, work is proceeding on the compilation of present research results and the development of a training manual dealing with the ability of tree and shrub plantings to reduce air, noise, and visual pollution.

Nature herself is a polluter, owing to the ravages of pests and disease. Gardeners and commercial growers owe much to the research that has increased plant productivity through improved seed germination, and has given us plants with built-in resistance to Nature's despoilers.

You don't need to drive out very far from any city in America to see a pleasant landscape--usually a farm landscape where the land is held in place, where ponds have been established to retain water and promote wildlife, and where plants and trees create esthetic eye appeal. What a contrast that scenery makes with gritty cities, with developments where row on row of houses look all the same, and with sprawling commercial areas.

If we plan properly, we don't have to repeat the mistakes of the past.

Through neighborhood associations and planning boards, people can do a great deal to fight visual pollution by transferring many of the lessons and practices of the countryside to urban areas. Our future growth centers, as our national population expands, can be designed for more satisfying living and more attractive natural settings than now exist in most cities.

The 1972 Yearbook contains many of the answers as to how this can be done. It covers such topics as inner city gardens, youth gardens, gardening for senior citizens, rental gardens, and plantings for shopping malls. It points up the need for housing developments that offer open space and greenery, shopping centers with trees and shrubbery, office buildings that have park-like surroundings, and new communities that are patterned intelligently with due thought to the values of a countryside kind of environment. It tells how the average home-owner, as well as the city manager, can make his important contribution to a restored and enhanced environment. And it puts heavy emphasis on things young people can do with plants and trees to make our American landscape brighter and pleasanter.

You can see that I am enthusiastic about this Yearbook--one in a series that has been produced by the Department of Agriculture for more than a century. This one we published earlier than usual, in plenty of time for fall gardening.. We have strong hope that its appearance will help catalyze increased environmental action by people throughout the country.

As this new Yearbook, your efforts in the nursery industry, and the support activities of the Department of Agriculture generate new interest, the total combined result should contribute to the forward momentum for agriculture that has been mounting in the past three or four years.

Your industry has played its part in building a prosperous economy. About 8,500 nurseries provide full-time employment for 70,000 people plus seasonal jobs for an additional 50,000. Ornamentals make up an important part of this Nation's agricultural business, with sales of ornamental plants and flowers running close to \$5 billion each year.

The Administration's determination to improve farm income, expand foreign sales of U.S. farm products, restore and protect the environment, and achieve a better balance in the future growth of America--all these goals lie ahead, and can be realized if we all put the best we have to the task. I am confident that you of the nursery industry will do your full part.

For 11:30 A.M. Release July 19, 1972

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U.S. Department of Agriculture
Office of the Secretary

LADDERS OF LEADERSHIP

Agriculture is a growth industry--a dynamic industry. You and I are seeing such dramatic changes that we are constantly being tested as to how successfully we can meet the transformation that is under way--economically, sociologically, and politically.

We are confronted with a surge of new technologies--such as the physical developments in farming techniques, crops, animal husbandry, financing, and the changes in size and number of farms. We are faced with new changes in marketing through cooperatives, other marketing organizations, and by individual farmers who are forward contracting more farm output. We are developing higher managerial skills to cope with these changes.

But we are also confronted with the broader dimensions of the impact which the new agriculture will have on America's entire national posture--and the impact that national changes will have on agriculture. Such national changes as our efforts to build firm foundations of lasting peace; our massive campaign to banish poverty-caused hunger; our commitment to protect and improve the natural environment for present and future use; and the challenge to achieve a wholesome, balanced future growth for this great country of ours.

Address by Secretary of Agriculture Earl L. Butz at Banquet of the Generations, American Institute of Cooperation, Ames, Iowa, July 31, 1972, 7:30 P.M. CDT

Agriculture is a vital part of the changing national scene.

There are many young farm people and young farm couples here. You and others in your age group hold the destiny of agriculture in your hands. Your task will be to adjust the agricultural community to these vast, basic national and international developments. Never was the role of farm people more critical and significant than now, because you will also have a responsibility to relate to the general public how desirable agricultural and rural changes will affect the Nation.

Developments that are now under way provide clear proof that agriculture in America, and the people in agriculture, are taking a healthy new direction. It's a direction toward vigorous expansion of farming operations, toward new and bigger markets at home and abroad, and toward a stronger financial position for the majority of farmers.

It's gratifying to me, as Secretary of Agriculture, to be playing a modest part in the turn-around that is taking place and to see farmers have opportunities to exercise more managerial freedom; to see significant improvements in cropping patterns; to see farm output gradually adjust to the true demands of markets; and to see our farm export cash sales breaking all records.

And yet, as I look at you young farmers in this audience, I cannot help but feel envious. We are just at the threshold of far greater things to come in agriculture. You have all the excitement of challenge and achievement ahead of you. You have the prospects of a far more satisfying life in America's countryside than we of my older generation ever enjoyed or looked forward to - provided, that is, that we use every means, and create every possible opportunity, to develop the most competent leadership attainable among both our young farm people and adults.

Dynamic agriculture needs dynamic leaders.

What is the most powerful resource we possess in America today? Some might answer--soil, minerals, water, forests, petroleum, and the like. We spend vast amounts of money and energy to conserve them, realizing that they are irreplaceable and that their supply is limited.

Others might say, with considerable validity, that our renewable resources of crops and livestock represent our greatest assets, since the production of food fulfills the first law of life--the first claim any society makes on its total resources is to ensure adequate food to keep its population alive and its economy productive. You who are involved with the basic essentials of productivity and renewable resources have every right to hold your heads high with pride for yours is a noble calling--you are helping make the Great American Dream a living reality.

Yet our most precious resource of all is the resource of intelligent minds and trained leadership.

Our greatest treasure is the creative power of the mind in a free society to improve the lot of mankind. This is a resource which is not exhausted or exhaustible. Indeed, it is a resource that increases with use. It wastes from non-use. The more you use it, the more you have of it. The more you share it, the more there is to share. In this respect, it is a truly unique resource. And its scope is not limited by horizontal horizons--its dimensions are vertical, without limits.

You have endless opportunities to expand your mental horizons vertically. You have a wealth of opportunities to develop your leadership capabilities in America's agricultural community, including our diversity of farms and crops, our Land Grant partnership system, our 7,700 farmer cooperatives, and the family of industries that serve and supply farmers or process farm commodities into industrial and consumer products. My appeal to each one of you today is to make use of those opportunities, and do what you can as individuals to strengthen those potentials for the use and benefit of others.

There are many ladders of leadership in agriculture.

Most of today's farm leaders and tomorrow's farm leaders--as I daresay is the case with most of you present in this Coliseum--will have found the first ladders of leadership in one of the farm youth programs. The 4-H Club, FFA, and Future Homemaker programs and the young people's activities of farm organizations and cooperatives develop trained leaders and responsible citizenship among the younger generation.

I am impressed by the talents and leadership qualities of young people who participate in these programs. Their development is the essence and literal meaning of the word "education." Steve Zumbach, who is on this program as the Iowa State student body president, and who served as national FFA vice president, is a good example of the intelligent, articulate young leader who develops from the farm youth movement. As an intern at the USDA last summer, he left his mark on the Department of Agriculture through his imaginative and constructive contributions to the 4-H citizenship short course program which we present at the Department to some 5,000 young people during the summer.

You can find other ladders of leadership in your local communities through your churches, civic organizations, the Junior Chamber of Commerce with its Outstanding Young Farmer program, your town and county planning boards, your local Rural Development Committees, and many others. Farmers' wives' organizations are being formed in many parts of the country, and through leadership development the feminine half of the farm management team is winning a rightful recognition and full share of the responsibility. I commend the Federal Land Bank of Omaha for helping make it possible for these young couples from many parts of the country to attend this meeting.

You will also find that the farm cooperative movement provides one of the best ladders of leadership. You have an opportunity to take an active hand in the work of your local cooperative. You can speak up at meetings, serve on committees, and win a place on the board of directors. From there, you can advance to higher responsibilities in State and regional cooperatives; and indeed, eventually to positions of leadership in your national organizations.

When all is said and done--regardless of the tremendous benefits that accrue from marketing and supply cooperatives, and despite the exciting potential that lies ahead for cooperatives in these times of change and new problems to be overcome--the finest product of all from farm cooperatives is smart, competent leadership: leadership in our agricultural profession, and leadership in the vital business of living together.

But we cannot take leadership in rural America for granted.

You and I know that the real strength of our countryside lies in farm people, family farmers, young farmers with the opportunity to grow--farmers who know how America's competitive economic system works and why it needs daily care and adjustment to make sure that it is our servant, not our master.

Besides economic know-how, we need social literacy--better skills in living together in peace and harmony. A truly dedicated person understands the laws of nature and how he or she can protect the natural environment. And a truly educated person in modern America understands why he or she must be an active participant in this country's political system, to ensure the proper legislative, legal, and regulatory climate.

In the past, the American Institute of Cooperation has made outstanding contributions in economic education--work which I hope will continue, since the success of the modern farmer-businessman obviously depends on his ability to make sound decisions--the correct decisions.

We all recognize the need to strengthen the ladders of leadership, and to develop a climate that will enable individual farmers to continue as independent businessmen free to make their own decisions. The preservation of these decision-making prerogatives is not only important to the individual farmer, but also serves notice to the rest of the country that the competitive enterprise system really works--that there will always be a place for the small businessman in our economy--and that he isn't going to be swallowed up by giants, whether they be giant business firms or giant Government agencies.

We are also aware of the need to add more emphasis on youth education, including education to improve the farmer's knowledge of his own cooperative and how cooperatives can strengthen his farming operation. It will also be desirable to increase the emphasis on serving cooperative needs in such major areas as short-term technical assistance, long-range research to enhance the capability of farmer cooperatives, and assistance in applying modern business techniques to cooperative operations.

Many problems which face farmers and their cooperatives can't await for conventional answers. We need new ideas, new approaches, innovative efforts. This summer, as you may know, we are carrying a special program in the USDA involving six commodity marketing teams which are looking for ways to improve the marketing of products from family farms. This kind of inter-disciplinary team approach among all elements of the agricultural community, and among departments and agencies of Federal and State governments as well, could develop new initiatives that will help agriculture move forward more rapidly.

The ladders of leadership are for YOU to scale.

Much of the work that remains to be done, many of the great unsolved problems facing agriculture and the Nation, will be yours to tackle. As you and your wives proceed up the ladders of leadership, you will find ever-increasing opportunities to serve your agricultural profession. And in numerous instances, your services to your fellow men will be certain to expand in the all-important area of living together that we call government.

Yours will be the opportunity, if you grasp it, to help determine what kind and quality of government you will have. Government is already big business--the biggest in the land. This year, government at all levels, Federal, State, and local plus our share of international commitments, will cost a full third of our output, the Gross National Product. In other words, all of us together will decide how each of us will spend one dollar in three this year--and the trend is upward.

The overriding question concerns the proper role of government in your life and mine, what kind of partnership we'll have with government. Will government be your senior partner or your junior partner? Will it play a dominant role or a subordinate role? Will it be your master or servant? Will it be at your side or on your back?

You in this room will have lots to say about how those questions are answered, because good government begins with you. We're never going to have the best government until people like you take to the ladders of leadership. That means getting involved actively and constructively in politics. Be willing to give your best--don't leave the work of government to others.

During the years ahead, those of you who gain leadership positions--as I hope you all will--will notice that your concerns for agriculture and good government will often run closely parallel. You will be involved in vital questions: Who will be making major decisions in agriculture--farmers, suppliers, processors, investors from outside perhaps, or government itself? How are competing claims for land and water to be refereed? How much of the responsibility for wise resource use will be the responsibility of the farm operator, and how much of it will be a public responsibility? These are mighty big issues for you of your generation to face.

And we must never let the state of our national welfare be placed in jeopardy by unwise and unbridled manipulation of a national welfare state.

You can help now to seek the right answers.

As you well know, there's much more to the business of farming, and the work of cooperatives, than striving for a good income. As entrepreneurs, you have the satisfaction of running your own businesses. You work out in the open spaces; you are involved in the life processes of reproduction and growth; you have the blessings of wholesome family life, neighbors, and friends.

There is a great future for young rural people right in Countryside America. We have a major program underway to bring more of the Nation's future economic growth into rural America through our Rural Development program. President Nixon has given this his personal attention, and the United States Department of Agriculture gives it top priority in its work.

In the rural countryside you live day-in and day-out with the ingredients of the good life which is the ultimate hope and promise for our growing Nation. As individuals and as members of cooperatives, you will find your involvement increasing as rural America shares more fully and equitably in the Nation's economic expansion. Land use, housing, health services, water systems, communications, education, recreation--these will be your concerns. Your place of primary business may be the country, but as member-owners of cooperatives, you also are mainstreet businessmen.

At this very moment, many of you have the ability--if you will only exercise it--to take personal part in shaping the better agricultural community and the better America that we all want, for ourselves and our posterity.

Asst. Dir. NAL
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Beltsville, Maryland

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SCIENCE FACES THE PRODUCTION CHALLENGE

It's great to live in a country on the move. America's economic vitality was never more vigorous. We are growing stronger and bigger by the day--even as we make the transition from war production to the more stable and wholesome basis of a peacetime economy.

Current indicators tell the story--and they are impressive. Since last August, industrial production has advanced at an annual rate of 8.1 percent. Housing starts during the first five months of this year ran substantially higher than the record rate of 2.1 million units in 1971. In the last 12 months, considerably more than 2 million new jobs were created. More Americans--over 82 million--are employed than ever before in history.

Personal income in the first quarter of 1972 reached an all-time record annual rate of \$900 billion plus, seasonally adjusted. And the figure keeps climbing. More people are working and making more money than at any time in the Nation's existence. And with more money, more people are buying more--retail sales hit an all-time record of \$36.8 billion in May, the latest month for which complete information is available; this was \$800 million above the April total.

Coupled with these advances is the slow-down in the rise of consumer prices and interest rates since the New Economic Policy went into effect a year ago this month. The net result is a real economic upsurge. The restraints on inflation, the full employment policy, and the boundless generative power of an economy stimulated by profit incentives are creating a tremendous forward momentum which will carry through this decade and decades to come.

Address by Secretary of Agriculture Earl L. Butz, American Society of Animal Science, Blacksburg, Virginia, August 2, 1972, 8 A.M. EDT

America will double in your generation!

The United States is still a young, vigorous, and growing Nation--as all the signs indicate. By the year 2000, just a generation away, we might have close to 100 million more people, nearly a 50 percent increase in 28 years.

During the past 25 years, the per capita real income of Americans--after taxes and inflation--increased by about 50 percent. Economists predict that the increase in real income will be considerably greater than that over the coming quarter century.

By the year 2000, we must rebuild old America as well as build a new America. We must build new cities, whole new transportation systems like the ambitious Metro development that you can see going on all over Washington, D.C., and new homes for millions of more people. Some say that total new construction by 2000 will be at least as great as the total construction of all kinds now existent. The average person's imagination cannot comprehend what this means in terms of the need for more skilled workers, service trades, manufacturing, recreation, and opportunities in a broad spectrum of fields of productive activity.

The economic stirrings which we are now observing are but the surface evidences of mighty forces. In this decade of the 1970's and the years that follow, the volume of new factory construction will be hard pressed to keep up with building demands generated by new markets, new products, new production techniques, obsolete work and product flow arrangements, and new customer services.

Moreover, the people who man the production and service industries will be younger, healthier, and more demanding with regard to the foods they eat. In this decade, 50 percent more people will reach age 21 than in the decade of the 1960's. We're going to have at least 40 percent more net new households this decade than last--with a larger proportion of women of child-bearing age. .

A tremendous market looms for all livestock products in the next three decades.

All signs point to ever-increasing consumer demands for high-content protein meats as per capita real income continues to go up, as per capita meat consumption keeps increasing, and as our population base grows.

Livestock and poultry producers will face a bright and expanding market. As we expand to meet the needs of 300-million people, at current consumption and production rates, we will have a new market each year for at least 500,000 beef cattle, 50,000 dairy cows, 1 million hogs, and 2.6 million hens. And that's just to keep even. There are some expert forecasters who foresee the need for a 93 percent increase in beef output alone--by the year 2000--which would expand the beef population to 180 million head, assuming no efficiency changes, to satisfy domestic demand in the year 2000.

Very likely, American farmers will produce this food without much help from abroad in the form of imports. World population continues to expand--some say it will double in the next three decades--and the demand for meat and protein will grow worldwide as diets improve. The current tight beef situation throughout the world suggests the magnitude of the production opportunity that lies ahead.

In serving this tremendous responsibility for meeting the food needs of tomorrow, farmers and the scientific community that you represent will encounter some set-backs, disappointments, and discouragement. We operate in a climate of increased public concern over health and environmental issues.

Livestock and poultry producers are entering an era where new, highly sophisticated detection methods provide far greater ability than existed only a few years ago to observe the relationships between animal health and human health, and to track the potential effects--good or adverse--of food preservatives, feed additives, and foreign substances that work their way into food.

Despite new problems which may arise--problems we are unable to foresee at this point in time--and despite attacks on the agricultural scientific community, your role in the food production task ahead will be of crucial importance. I appeal to you to renew your dedication to your mission--to resolve that each new problem and impediment be seized upon as a challenge to be overcome. The imperative, ceaseless effort must be to optimize the benefit in the risk-benefit ratio and somewhere, somehow, strike a proper balance between the means of production and the means of coping with animal disease problems, environmental problems, and land and water resource depletion problems.

Research will be the problem-solving catalyst.

Never let us lose sight of the great, overriding issue--the production challenge. Annual beef consumption per capita in the United States will soon reach 120 pounds, and in just eight years from now it will reach 130 pounds. This will demand a one-fourth increase in beef tonnage alone between now and 1980.

How are we going to manage this? Our ranges can't hold very many more cows. We have made most of the shift from dairy to beef. We have closed the greatest part of the feeding gap. Meat imports are not a long-term answer.

The most immediate solution is to continue to increase the efficiency of our production and marketing practices, through research and the application of research findings. Since livestock production is a relatively slow biological process and changes cannot be made quickly, it is crucial that every possible effort be directed toward maintaining output at a high level and holding losses to a minimum.

I would like to commend you for your progress in the several areas aimed at improving reproductive efficiency--artificial breeding, cross-breeding, sire-testing programs, and the like. About 80 percent of the cows bred actually wean calves, and scientists are trying to raise this percentage by taking advantage of the hybrid vigor phenomenon.

Induced twinning is another approach. Based on the 80 percent survival rate, induced twinning could conceivably achieve a calving rate of nearly 160 percent--doubling the number of slaughter cattle in a single year.

In the swine industry, more efficient reproduction would result from a nationwide sire selection program making use of the best available boars. This effort is moving closer to a reality as artificial breeding difficulties are overcome. With regard to sheep production, experimental cross-breeding of domestic lines with a line imported from Finland has uncovered the potential for marketing six lambs per ewe annually--and work is also progressing on a line of sheep that would produce lambs twice a year.

The need is not just to produce more, but to produce better livestock.

For cattle and swine, this means developing lines with smaller amounts of waste fat in the carcass. For sheep, it means developing a heavier animal.

Some of our leading ARS scientists feel that it is possible to reduce waste fat in beef cattle to about half of what it is at present. The trick will be to do this without lessening the tastiness of the meat or producing any other undesirable side effects.

Considerable progress has been made, as you know, in reducing waste fat in pork. Since about 1950, the average market weight of a swine carcass has remained about the same, but waste fat has been reduced by some 15 to 20 pounds. No doubt you are aware that a complication has arisen, however, in the appearance of the so-called "pork stress syndrome" that results in the sudden death of market weight swine. Our researchers are at work on this problem, which may be traceable to selection.

Improvement in meat quality and production efficiency will relate closely, of course, to more effective feed rations and better feed conversion. As we well know, much of this work is impeded by the controversy over additives. Whether we are talking about additives or pesticides, any potential hazards in the use of these materials must be weighed against the tremendous advantages that these materials provide for agricultural production. What concerns us is that for every one of these materials that is removed from the market, some practical substitute must be found.

Your efforts must be redoubled. More than ever before, we need a "total systems" approach by the animal science community to seek answers to the many perplexing problems we face. We need, also, the kind of personal dedication and involvement that members of your special ad hoc committee on feed additives have demonstrated.

Infectious disease continues to be a major threat to the efficient production of livestock--disease is undoubtedly the largest single limiting factor in swine production, for example. It not only causes losses, but often also affects the wholesomeness of pork products. It's not necessary for me to enumerate the diseases of major concern to the livestock and poultry industries, which our researchers are working to prevent or control--while at the same time trying to fight off exotic threats from abroad such as African swine fever and Newcastle disease.

Environmental issues will make new demands on agricultural research.

In addition to our concerns with animal health, we have a problem with predators. Predator control is becoming more and more critical as chemical use is restricted. At this very time when consumers are complaining about high meat prices, and when greater production is needed to keep prices in line, our domestic sheep industry faces a survival crisis because traditional methods of controlling coyotes are being denied to it. And if coyotes and other predators should increasingly turn from lambs to calves, our beef industry would also be in for real trouble.

This is why researchers are giving high priority to developing alternative controls. Studies have been initiated by the Department of Agriculture at Beltsville, Maryland, and through cooperative agreements with the States of Texas, Colorado, Wyoming, and South Dakota. A main thrust of the work is to find an effective predator repellent.

All of these attempts to improve production efficiency that we have mentioned--feeding, disease control, protection from predators--these are bound up with a growing trend among producers to assemble larger herds at fewer locations. A direct result of this trend leads to still another problem--animal waste disposal.

Waste disposal is a problem that's bound to increase as the push for greater meat production is intensified. Farmers are caught right in the middle--consumers are demanding more red meat but less pollution.

Here again we must mount a total systems approach to cope with the situation. State and Federal researchers in animal husbandry, agricultural engineering, soil and water conservation, and all related disciplines will have an important part to play in a concerted attack on feedlot problems. We hope that they--which to a large extent means you--will develop answers that will enable producers to meet the pressures brought on them by the insistent demands for pollution control.

Research can be more than a catalyst--it can be a leavening agent.

Regardless of frustrations and temporary set-backs, I am confident that the animal science fraternity and the total agricultural research community will catalyze new breakthroughs that will enable America's farmers to achieve new miracles of production.

I refer, for instance, to the kind of scientific breakthrough that has enabled per capita consumption of poultry to triple in the past three decades. American consumers did not increase their in-take of poultry in such record amounts because they suddenly developed a preference for drumsticks over pork chops or T-bones. They did it because poultry and turkey meat came to retail counters at such attractive prices. And those attractive prices were made possible because the modern poultry industry is based almost entirely on research...research on the multiple fronts of genetics, physiology, nutrition, and management. An aggressive program of research made it possible for the poultry industry to build a huge new market in this country where only a small one existed before,

You who deal in agricultural research and the application of research are more than catalysts--you are in a very real sense the leavening for a great, basic, dynamically expanding agricultural industry.

Through your contributions, you are very much a part of the upsurge now occurring in American agriculture. You have been instrumental in making possible the tremendous productivity of an agricultural community that is setting new records in farm export sales, eliminating the blight of poverty-caused hunger from America, and achieving a healthy improvement in farm income.

The dimensions of agriculture's impact are growing--on the international scene, in our economic expansion, and in the important work of enhancing the natural environment and achieving wholesome, balanced growth for America's countryside and open spaces. And you, as animal scientists, will be in the forefront of these growing dimensions of impact. That is my hope and expectation.

For P.M. Release Aug. 2, 1972

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U.S. Department of Agriculture
Office of the Secretary

For A.M. Release
Friday, August 11, 1972

During the Decade of the Sixties, you couldn't switch on the television without hearing some excited politician promise a grand and effortless Utopia. You couldn't pick up a newspaper without reading some consumer advocate's latest demands. You couldn't step foot on a college campus without being confronted by someone proposing that somehow the system ought to do something to guarantee a better world than the one we've earned.

This hysteria of run-away idealism ushered in the contention that, somehow, every man could be guaranteed personal prosperity from Washington. Well, you and I know better.

Quite aside from the campaign promises, the consumer crusades, and the demonstration-sprinkled campus oratory, one sector of the American economy has been quietly at work. I pay tribute to all who are part of the National Live Stock and Meat Board on this your Golden Anniversary because you have done something very substantial to make prosperity a reality--you have helped put red meat on the American dinner table.

People may talk about human rights--but, when they are able to enjoy a thick juicy steak, they know those rights are real. People may cry for a piece of the action--but, when they are able to stick their fork into a tender slice of pork roast, that's where the important action is three times a day. People may quarrel with the rightness of America--but, when they bite into a hamburger, they are showing allegiance to one of our most traditional American institutions.

Address by Secretary of Agriculture Earl L. Butz at the Golden Anniversary Banquet of the National Live Stock and Meat Board, Chicago, Illinois, August 10, 1972, 7:00 P.M. CDT

People may suffer from a touch of environmental hysteria--but, when they savor a slice of ham on a breakfast plate without a fear of trichinosis, they testify to what man has done to better the environment. And some people may plead boredom and distress over the quality of life--but, when they spread a little mint jelly on that roast leg of lamb in the candlelit elegance of their favorite restaurant, they are living the luxury the world seeks.

Few organizations can claim such a proud record on their Golden Anniversary. But--few organizations have persisted as you have. Few organizations have recognized their opportunities and then moved to meet them as you have.

You've never lost sight of the moving philosophy behind the energy and progressive drive which created this organization of stockmen, packers and market people. The biography of one of your pioneer leaders, Thomas E. Wilson, sums up that philosophy like this:

"In the founding of the National Live Stock and Meat Board we have one of the most inspiring examples of a widely diversified and badly split basic industry solving seemingly insoluble problems, harmonizing divergent viewpoints and outlooks and replacing antagonism and distrust with cooperation and constructive democratic action. A state power could presumably have solved the whole by arbitrary command. But in so doing it would have stifled the energy and progressive drive of the whole industry."

Whatever may have been your obstacles or your accomplishments to date, they cannot begin to compare with the challenges and with the potential you face--both today and down the road.

The Growth Factor in Your Market Was Never Greater

We are just a generation away from the 21st Century. By the year 2000, or shortly thereafter, we will have close to 100 million more people. That's nearly a 50 percent increase. Our exploding population--by itself--will greatly expand the demand for red meat by the turn of the century.

The purchasing power of our people will climb, too. During the past 25 years, the per capita real income of our people (that's after taxes and inflation) has increased by about 50 percent. Economists predict that the increase in real income will be at least that great--and many predict even greater--in the next quarter century.

While food consumption doesn't increase proportionately as income increases, we do eat better. We improve the quality of our diet--we eat higher on the hog. We shift more and more to a protein diet and to other more expensive protective foods. And we eat out more. No matter how you slice the American Appetite, good red meat is the most desirable item in our diet nationwide.

All signs point to ever-increasing consumer demand for high-protein, and delicious, red meat. And, as the livestock industry expands to meet demand, it will take at least one half million additional beef cattle and at least one million additional hogs each year just to keep even with the population growth. And that doesn't take into account the effect of the sizeable per capita consumption increases which have been projected. Some experts forecast a need for a 93 percent increase in beef output alone by the end of this century; assuming no efficiency changes, beef population would have to expand to 180 million head to meet domestic demand in the year 2000.

You Won't Have Much Help--or Competition--from Abroad.

Very likely, it will be up to American farmers and ranchers to produce the meat to satisfy the growing American demand with little help from abroad. World population is still booming. Some say it will double in the next three decades, with a lot of hungry people on this old earth. On top of that, the demand for meat and protein will grow even more as diets improve around the world.

The current tight beef situation throughout the world suggests the magnitude of the meat production challenge which lies ahead. Further evidence is the recent surge in the world market for feed grains as more and more countries--Russia being the one now in the spotlight--set out to buy the feed necessary to boost their own meat production.

In fact, the growing world demand for American feed grains as well as for meat animal breeding stock--and projected growing demand for feeder calves if we had them available--tend to indicate that the international dimension makes the production challenge for the American meat industry for the rest of this century even greater.

The Meat Production Challenge Will Require Your Best Efforts.

Meat cannot be manufactured at the push of a button like many non-food and some food products of today. It's a biological process. The life span of a steak, from conception to meat counter, is well over two years--a gestation period of 9 months, then several months growing up with mother and on grass, and finally the finishing period in the feedlot. A lamb chop doesn't take as long--and a pork chop even less time--but there isn't anything instant about it.

Timing is only part of the problem. Our ranges can't hold very many more beef cows. We've made most of the shift from dairy to beef. And we have closed the greatest part of the gap in feed efficiency. Pork producers have already made great gains in boosting litter size--but getting ewes to lamb twice a year will be a slow process.

We must continue to seek increasing efficiency in our production and marketing practices, through research and application of research findings. We must direct every possible research effort toward maintaining output at a high level--expanding it if possible--and reducing losses to a minimum.

We must continue to breed cattle and hogs with smaller amounts of waste carcass fat. And we've got to breed for heavier lambs.

We've made remarkable progress in breeding leaner pork. Some of our leading ARS scientists feel that it is possible to reduce waste fat in cattle to about half of what it is at present. The trick will be to do this without lessening the tastiness of the meat or producing any undesirable side effects such as the so-called "pork stress syndrome" which has arisen in swine.

Infectious disease continues to be the major threat to efficient meat production. Research breakthroughs--which will prevent losses and increase the wholesomeness of meat products--will be vital in increasing production to meet exploding meat demand.

Environmental Hurdles Will Multiply the Challenge.

Along with the challenging responsibility of meeting the expanding demand for meat, farmers and ranchers will operate in a climate of increased public concern over health and environmental issues. Farmers are caught right in the middle of consumers' demand for more red meat--simultaneously with less pollution from its production. We have not yet found a way to produce a tasty sirloin without putting up with some cow manure along the way. And manure disposal is only one of a growing pile of "messy" environmental problems which face meat producers.

We have two specific problems to wrestle with in beef and lamb production. One is predator control and the other is the use of DES--diethylstilbestrol. In both cases, we have to get the risk-benefit ratio in more realistic perspective.

Take DES. I regret that it was necessary for the Food and Drug Administration to withdraw approval of DES for use in cattle and sheep feed beginning next January 1. Commissioner Charles C. Edwards of the Food and Drug Administration acted in order to comply with the law, specifically the "Delaney Amendment." The law forced him to take such action even though he found that the use of DES in animal feed constituted no known hazard to human health after two decades of use.

Scientific detection techniques will continue to become more sophisticated and more sensitive. We already can detect residues in a few parts per million or trillion. No one can say how far we can go ultimately--but chances are that we will continue to develop fantastically sensitive refinements in our testing.

The day might come when, under the zero residue tolerance of the "Delaney Amendment," we would have to abandon a great number of things that have added to our food supply and which are very useful to society. What we really seek in life is to maximize the benefits in the benefit-risk ratio that exists for practically all of the things that we do every day. But under a no tolerance philosophy, any risk--no matter how small--dictates complete abandonment of benefits--no matter how great.

What we need is to evaluate the "Delaney Amendment" coolly and calmly in light of new residue detection devices. We must permit some leeway for the "rule of reason" of men, and scientists, to prevail. Otherwise, we will blindly abandon many very useful things in society because of the rigid dictation of a "zero tolerance" that completely rules out any risk, and consequently any benefit.

The Demand for Meat Won't Be Met Without Profit for the Producer.

No matter where meat production will take place--and no matter what form it takes--farmers must have sufficient inducement if they are going to increase meat production. If we are going to have the beef we want, that inducement must come in the form of cattle prices--prices substantial enough to induce western ranchers to keep a few more cows (if they can find the extra water), prices substantial enough to induce Corn Belt and Southern farmers to raise calves instead of corn and soybeans, prices substantial enough to make beef production more profitable than dairying, prices substantial enough to make longer feeding pay.

If we are going to get more pork, then prices must make it worthwhile to crawl out from underneath the warm covers on a wintry night to perform the midwife chores in the farrowing house. And if we're going to boost the number of lambs, lamb prices must be substantial enough to get the shepherd out in to that blizzard to turn around that lamb coming back-feet-first and pull him into the world head-first.

It must be clearly understood that meat production will not be automatic. There must be a profit in it. If we're going to get increased red meat production, it's got to be profitable enough to lure resources--financing, land, labor, equipment, and management--away from other alternatives.

I know of no other industry which faces any greater challenges between now and the end of this century. The National Live Stock and Meat Board can lead the charge. Together we must keep livestock returns at a level which will make it profitable for farmers to produce enough red meat for every American table. Together we must place the risk-benefit ratio of meat production techniques in realistic perspective. Together we must do the research on problems which impede further improvement in production efficiency. Together we will meet the challenge which makes the production of meat the greatest single market opportunity for American agriculture.

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For A.M. Release Friday, August 11, 1972

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SETTING THE PACE FOR AGRICULTURE

Four years ago at your convention in New Orleans, you had Dean Butz from Purdue on your program. He opened his talk with the warning that "The wonder crop of modern American agriculture is headed for trouble." What he had to say was not entirely comforting.

But what a difference a change in farm policy has made in the four short years since then!

Today soybeans are this country's biggest cash crop and our hottest farm export item. Four years ago, soybean sales were stagnant and nearly a third of our production was piling up, unsold. By removing acreage controls from other major crops and setting the soybean support price at market-stimulating levels, we injected new vitality into the soybean industry. Today the worldwide demand for this protein-rich commodity is growing, average soybean prices received by farmers are the highest on record, and we need more production. Soybeans are a prime example of an expanding agriculture--the course we all want our farm economy to take.

As we look back on the situation in 1968, the soybean industry was indeed on a suicidal path. The carryover was building up and reached 324 million bushels in September, 1969--about a third of a year's production. The support price of \$2.50 a bushel gave incentive to competing oil seeds and protein sources to try to take over soybean markets. Worse yet, some people were calling for production cut-backs and Government controls which would mean a general contraction of your operations.

Address by Secretary of Agriculture Earl L. Butz before American Soybean Association Convention, Columbus, Ohio, August 15, 1972, 11 A.M., EDT.

And as you know, a saving move was made. One of the first agricultural decisions under the present Administration was to put the support at a level of \$2.25 so as to remove the umbrella of price protection from your competition. The Export Marketing Service was established to give a new thrust to overseas sales--and now, incidentally, there's a good soybean man in charge as general sales manager, your former ASA president, Laurel Meade.

Then came the Agricultural Act of 1970 with its innovative set-aside approach which freed farmers from so many of the old restrictions and controls. For many farmers, the 1970 Act was a declaration of independence, giving them new freedom to produce for the best market opportunities. And the new programs are bringing results, in record-high exports and record-high farm income.

The soybean success story illustrates the coming debate on farm policy.

You soybean producers have shown America and the world what farmers can do when they follow an expansionist policy and gear their output to the potential of markets.

You have demonstrated what market-oriented production really means; you are proving what can be accomplished when you are backed by programs that are dedicated to economic expansion, not contraction--to "a competitive spirit that results in rising productivity," in the words of President Nixon.

When I addressed your convention four years ago, the title of my talk was, "Can Uncle run your business?" My answer was No--Government alone can't solve the soybean problem if we want an expanding and prosperous industry. No--if we want an industry that grows with our growing population, our dynamic economy, and the growing world need for food. No--if we want an industry in which producers who are efficient, ambitious, and imaginative can enlarge the scale of their operations with advancing science and technology, and thus secure an adequate income for themselves.

My answer is still No--especially in light of what you have accomplished since that fundamental change in price support policy was made. It's quite true, of course, and to your everlasting credit, that you had made a great running start with your highly successful market development programs. Through them you had and still have tremendous momentum. Your expertise, and the imaginative ways in which you are applying it, are vital ingredients of the soybean success story.

Thus when the support level became competitive and your competition began to back off, you had the marketing know-how to move in fast. You took a commanding lead which you have held to this day. Your aggressiveness helped work down the carryover rapidly, from its 1969 peak of 324 million bushels to 230 million in 1970, 99 million last year, to an estimated 60 million as of this coming September. Now the increase in soybean production is running slower than the increase in demand. And market prices have firmed in the range of \$3.40 to \$3.50 a bushel.

You are truly setting a fast pace among all of agriculture in America--in your statesmanship on price supports, your vigorous development of markets, and in making your market-oriented philosophy a reality--a workable and profitable business approach to farming. In so doing, you are sharpening the perspective of farmers and consumers alike as they face the issue of future farm policy--the issue of whether Uncle will be the heavy handed price-setter and rule-maker, or whether farmers will have the initiative to produce and market what they produce, with the opportunity to grow with an expanding economy.

You have a commanding position to hold.

As we look ahead, the great challenge for soybeans is to stay on top of the competition and hold the commanding position that you now enjoy. You have a natural advantage, inherent in your product--the lowest oil yield per acre and highest protein yield per acre, relative to competitive oil seeds.

Also, of course, you enjoy the prospect of growing markets the world over. Economies of other countries are improving, and as this happens, people upgrade their diets with more oil and more proteins. The Japanese per capita intake of vegetable oil averages 27 pounds a year compared with 56 in America. The Japanese government has said it wants to see the consumption rate stepped up at least another 10 pounds. If this increase alone were to be met by U. S. suppliers, it would require an 8 percent expansion, about 90 million bushels, in soybean production.

That's but one indication of the tremendous potential that exists. In Japan, for example, per capita beef consumption runs about 6 pounds a year, whereas in this country we are approaching the 120-pound mark. The Japanese have a growing appetite for good red meat, and will be wanting more. The same is true of the Russians or almost any other people you can name. Consumer demands for meat here and abroad keep increasing--and the demands for protein feeds likewise keep increasing.

Big Soviet purchases prove the growing demand for soybeans.

The announcement made during the past few days of a major sale of 1971 and 1972-crop soybeans to the Soviet Union--a private transaction in which the Department of Agriculture was not involved--confirms that the Russians mean business when they say they intend to increase protein consumption.

When I visited the Soviet Union in April of this year, heading up the U. S. grain negotiating team, I pointed out to Chairman Brezhnev that in the United States, the use of soybean meal and other protein supplements has added immeasurably to the efficiency of our livestock and poultry production--that a protein supplement would make their short supplies of feed grain go farther.

The Soviet Union, in their current 5-year plan, has announced a goal of increasing the protein in the average Russian consumer's diet by 25 percent. Our message to the Russians, both during my April visit and the President's conference in Moscow in May, was that the farmers of the United States have the land, the climate, and the know-how to help the Russian people meet their goal through commercial sales of feed grains and proteins.

We are delighted, of course, that these peace initiatives and trade initiatives are leading to substantial sales of grain and soybeans to the USSR. Soybeans will have a substantial part in boosting our total farm exports to Russia far beyond their agreement, signed last month, to buy a minimum of \$200 million worth of U. S. grains this year as the first stage of a \$750 million, 3-year deal.

But let me emphasize that this is no time to be complacent and over-confident. We are moving into the kind of situation that can spur your competition, with soybean prices as high as they are now. The critical job facing you is to deliver the goods, on time and economically, and to hold the lead for soybeans as markets keep on growing.

Uncle can help you meet your challenges.

You know the value of working with the Foreign Agricultural Service and Export Marketing Service to spur market development. This partnership with Government in areas of production strategy, quality regulation, research, and promotion will continue to be a winning arrangement as the future unfolds.

Production strategy underlines the significance of the "set-aside" plan as markets around the globe call for more and more soybeans. In the 7 States that produce more than two-thirds of our soybeans, we now have around 16 million "set-aside" acres. Portions of that reserve acreage can move systematically into production, as necessary, to meet market demands. This can help reduce farm program costs, put more acres into profitable use, and make larger amounts of food available.

Throughout the entire United States, there are about 60 million acres of unused reserve land--the best kind of strategic reserve the Department of Agriculture can maintain, in my opinion. However, we must recognize that these reserve lands tend not to be our best acreages. Certain portions, including some in the 7 major soybean States, may be less than ideal prime farmland.

The point is, that in order to fill market demands, to keep up with the rising world level of meat consumption, we must have more than acres alone. We need to achieve efficiencies in production and marketing that will enable America to keep its commitments to expanding markets. We need to keep at the job of getting costs down. We need to do our best to make sure that we stay ahead of the competition.

Uncle can help, as I said, but the real job of accomplishing all this will be yours. As you do this, you can keep posted on the research work being done by the Agricultural Research Service and the States. You can team up for better management in planting rates, weed control, fertilizer use, and harvesting techniques. You will want to influence the scientific community in your States to be on the alert to any and every research program that promises more efficient production.

For soybeans, yield-increase research deserves the highest priority.

Whether we are talking about the President's goal of \$10 billion in farm exports by 1976 or sooner--and the significant part that soybeans can play in attaining that objective, now that soybean exports have broken the \$2 billion mark--or whether we're talking about an average American farmer hoping to get a little more black ink on his balance sheet, what your industry needs most of all is a yield breakthrough.

Soybean research is just now coming of age. Most of the solid research input took place during the 1960's, and we hope to see research during this decade of the 1970's come up with new concepts, new ideas, and better varieties. We've seen corn yields increase more than 400 percent from the 20 bushels an acre in 1930 to 40 bushels an acre during the 1950's to a national average of 86 bushels per acre at present. We know the contributions that research has made to this advance.

Over the same years, the improvement in soybean yields has been far more gradual, from 13 bushels an acre in the 1930's to 28 today. Where and when a soybean yield breakthrough will occur, causing an upward spurt like that which resulted from corn hybridization, nobody can predict. Perhaps some of the answer will come from plant breeding.

Since January, 1969, 17 improved varieties of soybeans have been released by the Agricultural Research Service through State Experiment Stations. These will have higher yields and greater resistance to nematodes and disease. One is a newly discovered male-sterile line that could lead to hybrid varieties. Next month we plan to send a plant geneticist to Japan and Korea to collect strains of cultivated soybeans and related species, in the continuing quest for a key to the breakthrough we seek.

As one of the many promising outcomes of the President's historic Summit Meeting in Moscow, preparations are being made now at the White House level for an agricultural scientific team to visit Russia. This type of undertaking will be based on a mutuality of interest between the farmers of the two nations--it won't be a one-way street, but an investment in agricultural progress.

Looking farther ahead, it's not inconceivable that as the bamboo curtain moves open a bit wider, some day it may be possible for American scientists to seek higher-yielding soybean strains from Mainland China. Some of the varieties that have contributed most to our soybean plasm resources have come from China--it's been 40 years since we have obtained varieties from the original home of the soybean.

So the future has much in store. In the meanwhile, every step you take to economize and move up agriculture's high efficiency rate will count.

Keep trying to do better--and keep on setting the pace for American agriculture.

For P.M. Release Aug, 15, 1972

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Every public servant is a better man if he gets a little manure on his shoes now and then--and I can't think of a better place for me to do that than at the Illinois State Fair.

Everybody comes to the Fair for different reasons. I went through the cotton candy and ferris wheel stage. When I was in 4-H the Fair was one place you could go without having to take a bath--because there wasn't any place to take one. I may even have discovered girls at the State Fair--I don't know.

Governor Ogilvie tells me it's the greatest Agricultural Expositions in the World--and I'm sure you'll agree.

Illinois has a lot to be proud of. You sell more corn than any other State. You are tops in soybean production and soybean sales. You're second in hogs marketed. And when it comes to exports, you're the Number One farm export State--way ahead of everybody else. You produce nearly 10 percent of all U.S. farm exports--you're first in soybean exports, first in protein meal, first in soybean oil, first in corn, second in meat, and you export a large amount of your wheat.

It's no wonder exports mean so much to you. Without exports, you'd lose more than one fifth of your market--or more than half if you grow soybeans. That's why Governor Ogilvie arranged a trade mission to Russia that will leave in just a few weeks.

The way to increase sales is to go after the market. You've had a big hand in building our booming Japanese market--and it's paid dividends to Illinois farmers. You've helped cultivate trade with the Common Market--all to the benefit of Illinois farmers. And now you're taking the lead in capturing for Illinois farmers the growing market opportunities in Russia.

Address by Secretary of Agriculture Earl L. Butz at the Grand Champion Live-stock and Quality Meat Auction, Illinois State Fair, Springfield, Illinois, August 15, 1972, 1:30 P.M. CDT

The \$750 million dollar--or larger--grain sale to Russia which was announced not long ago by President Nixon has already put dollars in your pocket. I'm confident that the Russians will take a large part of their commitment in corn--and that's to your benefit. And in my own face-to-face discussions with the Russians, I could see that they're smart enough to know that you can't raise livestock efficiently without some protein supplement. The major Russian soybean purchase last week is proof that they know the best place to get that protein is from soybeans grown on Illinois farms.

But the most important point is this--our exploding, record-breaking farm exports mean a bigger volume for your own farm. It makes a bigger market to produce for. And that means opportunity for increasing your farm income.

Now, there's one thing that solid farm prices and a growing export market cannot help--and that's farm costs. Lesser men than those who farm in this great State could not have stood the cost pressures you've ridden out over the years. I know what you face. I know that as the pile of bills gets higher, the banker gets crankier and your patience grows thin.

But I am aware that you have gotten some much needed relief from one of those hated costs--the inequitable, unworkable personal property tax on farm equipment and inventories. Somebody finally did something about farmers carrying too much of the property tax load.

You might have heard about a message which appeared on the notice board outside a country church not too far north of here which said--"Why are so many people ready to carry the stool--when the piano needs to be moved? Well, farmers--through the burdensome personal property tax--have carried a painfully unfair share of the load for too long. I salute Governor Ogilvie and his associates who led the charge to lift that burden.

And--equally as important--a sound system was designed to make up from your state income tax the local revenues lost to schools and local government--so the burden won't shift to farm land. That's another victory--and the net result will be to cut your farm costs.

Farm prices have strengthened, and we want them to stay strong. Volume is up, and we intend for it to grow even more. Costs keep pushing upward--but tax relief does cut your costs and the Nixon Administration's inflation control measures--which are working--cut the rate of increase in other farm costs. And as a result, farm income is up.

Farm income still has a whale of a way to go--but it's up. The direction it is going is important. Gross farm income will set a record this year. Net farm income will be higher than ever. This year the average disposable income of farm people will reach a record 80 percent of the average for non-farm people. This is up substantially from the meager 65 percent average of the 1960's. But I won't be satisfied until average farm income catches up with average non-farm income.

The improvement in farm income has been made at the same time we have been relaxing farm program controls. The farm program of the last two years allows you to have more decision-making freedom than before. And it is serving you and all of agriculture well.

You and I know that decisions made by farmers are far superior to decisions made by bureaucrats. The best proof of that is the market adjustment you've made in hog production. Prices were low and so you cut back--now hogs are at a much stronger price level. Yet, there were those who when prices were low hollered and squealed that the government ought to put supports under hog prices. We would have had \$15 hogs perpetually if we had started supporting hogs at that figure--and we would now have sow and pig controls. The same principle is true for cattle. If we get into price supports for livestock, we would surrender to the cheap food crusaders forever--you have been too wise to fall for that, and I congratulate you for your wisdom.

This afternoon we focus on the winners--the best steer, the best barrow, and the best wether. But our real focus is on the farm families of this nation who are winning the battle for fair prices, winning a bigger share of the world market, winning the war against property taxes and inflationary costs, and winning the march to move farm income up where it belongs.

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COUNT-DOWN FOR OPPORTUNITY

Looking out on this convention audience of Alpha Gamma Rho people, one can readily see that the great majority present are juniors and seniors in college, approximately the same age group that I was in when I was initiated into this fraternity as a student at Purdue.

Scattered among you are your college advisors, national officers, alumni, and their wives; but since the juniors and seniors are well in the majority, and in the democratic tradition of AGR, my message is directed mainly to you of the so-called younger generation.

It would be most difficult, indeed impossible, for me adequately to express my feelings of satisfaction and indebtedness for all that Alpha Gamma Rho has meant to me through the years. I think of the invaluable opportunities the fraternity has given me, through various positions I have had the honor of holding in it, to expand my horizons--to form new friendships--and to deepen my professional interests in agriculture.

Two values stand out above all others--and for me, they are synonymous with Alpha Gamma Rho, and in many ways they are interrelated. One is singleness of purpose--the advantages that accrue from the community of interest existing among all members of our fraternity, the cross-fertilization generated among people like you who have common objectiveness, a cohesiveness of professional spirit in AGR which goes far beyond what your college or university can achieve for you.

Address by Secretary of Agriculture Earl L. Butz at 42nd national convention of Alpha Gamma Rho Fraternity, Logan, Utah, August 16, 1972, 7:30 P.M. MDT

This singleness of purpose underlies the fraternity's agricultural requirement--your insistence that every member be in agriculture or some field closely related to the production of food and fiber or the processing and marketing of commodities obtained through the management of natural resource. It gratifies me that AGR remains strong and has been adding new members and new chapters during a time when other fraternal societies have been experiencing rough sledding. Your solidarity of purpose is without question an important factor in your success.

The second great value that seems synonymous with Alpha Gamma Rho is the premium our fraternity puts on leadership development. And no other commodity is in greater demand in the Nation and the world than trained minds with the capacity for intelligent leadership. That commodity will be needed as never before in this age of dramatic and rapid change, of dynamic economic expansion--an era, let us hope, that will be marked by a degree of harmony and cooperation among the great nations which the world has never seen before.

Agriculture will be in the forefront of vast changes to come.

You and countless others in your age group hold the destiny of agriculture in your hands. It will be your task to adjust the mission of agriculture to great national and international developments that are now taking place.

Here in America, we are seeing an agricultural turn-around toward vigorous expansion of farming operations, toward new and bigger markets, toward achieving balanced future growth for the Nation, and toward a stronger income position for most farmers. We are trying to formulate sound policies that will give farmers expanding opportunities, greater power to meet the demands of increasing populations at home and abroad for food.

It's a matter of considerable gratification to me, as Secretary of Agriculture, to be taking some modest part in the changes that are occurring. Our programs give farmers opportunities to exercise more managerial freedom. We are seeing significant improvements in cropping patterns, and continuing improvement in farm efficiency. Production is gradually being oriented to the realities of markets. Farm export sales are breaking all records. And agriculture--the language of food which America can speak so universally and so forcefully--already is playing a major role in President Nixon's quest for lasting peace.

Great things are indeed happening. Yet, as I look at you young agricultural professionals, I cannot help feeling envious. We are just at the threshold of greater things to come. You have all the excitement of challenge and achievement ahead of you. You have the prospects of a far more satisfying life in the countryside than we of my generation ever enjoyed.

You are in the count-down stage, as you prepare during these last few years of college for your career participation in the events to come. I urge you, therefore, to make every minute count, and use every means available to develop your potentials of leadership.

Leaders, laborers, and loafers--yours is the choice of category.

At one time or another, each of you will find yourselves in one of those groups--leaders, laborers, or loafers. The big question is, where will you be classed for most of the time in years to come? And how determined are you to discipline yourselves now to prepare for fulfill the career you have chosen?

The first category--leaders--is very thinly populated. Just look around your campus or home town and name the people you consider to be true leaders, the pace setters, the motivators. You'll probably run out of names before you run out of fingers. Yet during this count-down stage of your careers you have access to the ingredients of leadership. You have youth, health, education, professional objectives--and you have the future to make what you will of it. You can become part of a rather unique and exclusive group if you cultivate your leadership inclinations.

The rest will be laborers or loafers--occasionally both at the same time, perhaps. Now there's nothing wrong with being a laborer. No tribe can have all chiefs. If you prefer to be a laborer, that's entirely honorable. You will be needed and respected--and the chances are you'll sleep better.

Without physical and mental workers, we simply wouldn't have the food, clothing, shelter, and all the other necessities and comforts on which existence depends. If you would have more, you must produce more. Rural people understand that. Every day of farm life teaches that it takes work to get 125 bushels of corn from an acre or to put a couple hundred pounds on a hog. Only those who work do that--not the loafers who expect more for less.

The loafers are a dead drag on our resources. Physical laborers--those who man the production lines--have a measurable output that drops when they goof off, and this is a signal for the boss to take corrective action. But the worst kind of loafing is mental loafing that goes undetected. It wastes our most precious asset--our mental capacities.

I once heard a research M.D. say that the ordinary human body produces energy equivalent to the amount of electricity burned by a 50-watt bulb. At today's rates, the energy our bodies produce is worth less than a cent an hour. Our value is from the shoulders up--that's where the real power is.

Tomorrow's world--your world--is going to demand more and more brainpower.

We have seen the geographical frontiers pushed back to the vanishing point. There are no more prairies to break, virgin forests to cut, or lands to settle. Agriculture, with constantly diminishing land resources, faces the awesome task of feeding twice as many people by the end of this century as are now living on this earth. If the 6 billion or more people predicted by the year 2000 are to be sustained, with no improvement in diet whatever, we will need to create the capacity to feed another 3 billion. We must duplicate in the next generation the productive ability that man has achieved since the dawn of history.

This can be done, as we continue to unlock Mother Nature's secrets. But she's a niggardly old girl, and to wrest those secrets from her will demand every bit of imagination, ingenuity, research finesse, and downright determination that we can muster. This is why the great frontier of today and tomorrow is the frontier of the mind, a frontier without limits which has just begun to be explored.

According to the best estimates, we are going to experience a 100 percent increase in knowledge during the next eight to 12 years--and another 100 percent increase in the decade following that. We have discovered more new technical knowledge in my lifetime than existed at the time I was born not too long ago. Half of the technical information possessed by today's college graduate will be obsolete in 10 years. Think of what that means. Half of what today's college graduate must know to be successful 10 years from now has not even been discovered yet! No wonder they call college graduation a commencement.

You will have plenty to do in working for a free society and a better society.

There are no short cuts for making our dreams for a more comfortable, secure, and satisfying world come true. The tasks ahead for you will be formidable, in agriculture as in any other line of endeavor. The solid virtues nurtured in country living--industry, integrity, patriotism, production--let these be your guides.

Let those virtues be your inspiration as you increase your proficiencies and strive to become leaders in your profession--the profession which I consider to be foremost among all of mankind's callings.

And I urge that those virtues serve as your guides in another, equally vital area of leadership--leadership in living together, known as government. In this free society of ours, we need every young man and woman of ability to get involved in this business of living together.

Cast aside the feeling that so many have, that there's something dishonorable about politics. Not so! Government is the biggest business of our land, and America needs the best brains, the best imaginations, the best talents and energies, working in politics and in government.

It's not too early for you to get started. Get active in politics, with the party of your choice. Do more than just casting your votes--become involved with the issues and the people.

As one fairly highly placed in Government, I have tremendous confidence in you, in what you have to offer, and in the leadership you can provide as time goes on. You are already on the road to leadership--and you have what it takes!

For A.M. Release Aug. 17, 1972

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Rural America has been defined as a place where you can walk in the evening and hear the crickets and the frogs. Arkansas is rural. Your proud heritage is rural. Your way of life today is rural. And your hopes and dreams for tomorrow are rural.

As we gather here to salute Arkansas agriculture, we really salute the rural people of this great agricultural State--the people whose hands are turning this Land of Opportunity into solid progress.

Let's translate Land of Opportunity into down-home language we all understand. Land of Opportunity means a place where a man can work to earn a good income, and then spend that income to live a good life. And it seems to me that Land of Opportunity also carries with it the understanding that it's a place where there is also a chance to work a little harder, to earn a little more, to live a little better--if that's what a person wants to do.

When President Nixon asked me to become Secretary of Agriculture, he gave me one charge--to boost the income of rural people. And that, I am proud to say, is the top priority of the United States Department of Agriculture. We are dedicated to seeing that rural people reap a harvest of progress from this Land of Opportunity--here in Arkansas and throughout America.

We have embarked on the most aggressive program of real rural development that this country has ever known--and it's oriented, first of all, toward making farming more profitable. We must start there. And we are making progress.

Address by Secretary of Agriculture Earl L. Butz at the Salute to Arkansas Agriculture, Hot Springs, Arkansas, August 30, 1972, 7:30 p.m., CDT

Farm prices have strengthened

The overall farm price picture is improving. Soybean prices are the highest in 25 years. Cotton prices and payments bring the farm value of cotton this marketing year to 45 cents per pound, the highest in a century. Wheat prices have improved as the result of new trade with the Soviet Union. Livestock prices have strengthened.

But these increases, which have finally brought the average disposable income of farm people up to 80 percent of the average for non-farm people, have caused problems. Earlier in the year, and again last month, when cattle prices reached levels of 20 years ago, some people howled about it. Politicians and others demanded controls on farm prices.

I fought these controls with every ounce of energy I had. I pointed out that controls would lead to lower production, rationing, and shortages at the retail counter. I pointed out that farm prices fluctuate, going down as well as up--while wages that go up stay up, refrigerator and furniture prices that go up, stay up; doctor's fees that go up, stay up. Sometimes, it seemed that we were a lonely voice.

But now that beef cattle prices have moved down \$5 from early July, do you hear these people rushing forward to say that it is too bad that your prices have dropped 13 percent. Now that cattle feeders face a squeeze on the cattle in their lots, do you hear the control agitators raising their voices to say that we were right--that farmers have to have the highs to even out the lows?

The American farmer is feeding this Nation better and cheaper than anyplace else on earth--and for less than 16 percent of consumers' take-home pay, the lowest percentage in history.

Productivity per man-hour on the farm is 3.3 times greater than it was 20 years ago--and farmers' productivity per man-hour has increased at a rate twice that of manufacturing industries.

Inflation control has eased farm cost increases.

The culprit which has done most to eat progress right out from under farm prosperity is inflation. The Nixon Administration's inflation control measures are working. The rate of inflation has been cut in half and that achievement has put a halter on the galloping increase in farm costs.

The thrust of government farm programs has brought greater freedom and expansion.

Under the Agricultural Act of 1970, we've faced the fact that America's agricultural productivity is already larger than our domestic markets. We can produce far more than we need for home use, and our productivity keeps growing as our yields per acre and livestock production efficiency increase.

We've geared farm programs toward greater farm income earned in the marketplace. We've lifted tight controls. We've given more market leverage to farmers and less to the government. Most important--we have returned to farmers the decision-making options which have been fundamental to America's achievement of worldwide farm prominence. After all, decisions made by farmers are substantially better than decisions made by bureaucrats.

Old programs tied farmers to the past--yesterday's production patterns, yesterday's yields, yesterday's prices, yesterday's markets. Farmers were constantly trying to take advantage of yesterday's opportunities.

You are really concerned about tomorrow's opportunities, not yesterday's. And you've proven that by the way you've responded under the Act of 1970.

When restrictive, backward-looking planting regulations were lifted, many Arkansas farmers made decisions to plant more cotton--when it was the best profit bet--and fewer soybeans. Some plains state farmers planted wheat--when wheat was their best profit bet--instead of soybeans. And some Corn Belt farmers--no longer fearful of losing their corn base--went to soybeans when soybeans were a better profit bet.

The Act of 1970 focuses on opportunity. It's a positive program. And it means freedom, expansion, and progress for American farmers.

Farm exports are setting records.

It's one thing to talk of an expanding agriculture--it's quite another to accomplish it. In the fiscal year ended June 30, American farm exports totaled \$8 billion--an all-time record. Agriculture added \$2 billion to our balance of trade last year.

This will be the third calendar year in a row that farm exports have set records--a remarkable change from the farm export slump which stared farmers in the face in 1968.

This farm export record was accomplished with a concerted effort to expand American agriculture. The soybean price support level was lowered in 1969 to make soybeans more competitive--and the results have been astounding. As one of the Nation's top exporters of soybeans, soybean meal and soybean oil, Arkansas farmers saw a concrete opportunity in this move.

Under the Act of 1970, the cotton industry has recovered some of its foreign market--and, as one of the country's top cotton exporters, you've reaped harvest from that opportunity.

As the Nation's top producer and exporter of rice, each step we take to strengthen America's position in the world market is to your benefit.

We're truly learning in the farm export arena how to mold progress out of opportunity. The \$750 million three-year grain agreement signed with Russia in July is an example. Russia had decided to improve the protein content of the diet of the Russian people. To do that, Russia needed more grain--feed grains and soybeans--to feed her livestock. That situation was an opportunity.

Through careful and deliberate efforts, that opportunity has been turned into progress for American farmers. When you include soybean sales--not covered by the \$750 million agreement--it appears that Russia may buy close to \$1 billion worth of American grain this first year. That is real progress which will benefit Arkansas soybean and grain producers.

Farm income is up substantially.

Farm income for 1972 will set records--net farm income, income per farm, and income per person. Net farm income will reach \$18 billion or more. As a result, the average disposable income of farm people will reach 80 percent of the average of non-farm people. Now that's not good enough--but it's up from the 68 percent average of 1961-1968.

Much still remains to be done. We want to close the gap. Farmers shouldn't have to work for 20 percent less than other people--especially when they work harder, take more risks, carry heavier investment, and are charged with managing and conserving the most critical resource we have. I will not be satisfied until average farm income is at least as high as the average income of non-farmers.

All rural progress will not be made behind the plow.

The opportunity which you folks in Arkansas seek to transform into progress stretches far beyond the rice fields and the broiler houses. It depends heavily upon strengthening the economic vitality of farm towns and rural communities--the second fundamental in our quest for sound rural development.

Rural America is both a place to earn a living and a place to live. Rural America is home-centered, church-centered, and community-centered. Rural America still presents for the view of all the classic example of family life. And in these times, people are understanding more than ever that the family must remain central to American life--society can't break it up and spread it out forever. We must conscientiously work to stop the exodus from the countryside.

The space-starved city and the job-starved rural community are two sides of the same coin. The rural poor of yesterday are often the urban poor of today. Unless we revitalize rural America, more of the rural poor of today will become the urban poor of tomorrow. And if that cycle continues unchecked, the very fabric of this Nation may be destroyed.

Arkansas is ripe for sound rural community development.

In this opportunity-laden State, you have been working at rural community development. It awaits an even bigger push from Arkansas people.

This is the right time. Society has advanced in its development from the extractive stage--where man took what he needed from the earth--to the manufacturing stage--where man made what he needed--to the service stage--where man looks to others to have done what is needed. We are now in that stage where the demand for services is exploding--and the real roman candle of the service display is recreation.

Many of our people have reached beyond sustenance to comfort, and now beyond comfort to affluence. The big search, the big question for them is--where do we take our affluence after we satisfy our other needs? It seems to me that Arkansas can be one of these places. You have great recreation industry potential here. You have resources, water, transportation, people, weather, beauty--all of the necessities.

Consider this. The City of Denver profits from being only two hours by plane from Chicago--and you are closer to Chicago than Denver is. You are yet closer in miles to St. Louis, Kansas City, Dallas, Houston, Memphis, Louisville, New Orleans, Birmingham, Oklahoma City and Atlanta. What potential your location gives you for the development of recreation-oriented industry!

Someday, somewhere, somebody is going to capitalize on the four-day work week. It's coming down the road, at least for many. Arkansas could be the place, and Arkansas people could lead the way.

Each year, more and more people seek early retirement--and with it a place to enjoy and stretch those leisure years. That place could well be Arkansas--you've got the ingredients to make that happen.

Rural America cannot be developed from Washington.

The potential for the economic, social and cultural development of rural Arkansas rests in the hands of the people of rural Arkansas. It will take ingenuity. It will take effort. It will take determination. It will take leadership. It will take perseverance and promotion and time. But it can be done--and you can do it. I am convinced that you have what it takes.

And we are ready to assist. President Nixon was the first President to send a special Rural Development Message to the Congress. More than ever before, the Department of Agriculture is geared to provide the kind of technical, credit, and other assistance necessary to help you do it. We have succeeded in having the Department of Agriculture designated for the leadership role in rural development. We have doubled the funding for rural development since 1969.

Notice--all of these efforts are designed to assist rural development, not accomplish it. Rural development cannot be accomplished from Washington. It has taken some bureaucrats nearly two decades to figure that out, but you have known it all along. This Land of Opportunity will not be harvested into progress by anyone other than the people of Arkansas.

The results will be worth all that must go into it.

Rural development produces life and vitality. Vitality means growth. Growth ultimately means a growing population. And a growing population means a growing market for much that Arkansas farmers produce.

It doesn't make any difference whether rural development brings folks seeking a place to retire, or young families looking for a place to grow, or long weekenders and vacationers coming to listen to the crickets. They all mean more jobs and more opportunity for Arkansas people.

The end result will be a more prosperous rural Arkansas--where farming is profitable, where farm towns and rural communities thrive. You'll have better local government, better schools, better health care, better roads, better law enforcement. These will result from economic vitality because productive people who are making progress are the best individuals to make these government institutions thrive and serve. Rural life will be better, and you can say you made the most of this Land of Opportunity--this rural Arkansas you call home.

Arkansas people will make the difference.

Your State's official motto is "Regnat Populus", the people rule. How appropriate and how true. The people of Arkansas must decide whether to make this Land of Opportunity into all it can be for the people of Arkansas. And when it is your decision, you will stick with it and make it come to reality.

Nothing should stand in the way of the rural people of Arkansas as you build a profitable agriculture and chart sound rural development in this Land of Opportunity.

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For A.M. Release Aug. 31, 1972

Director
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Commitment to Greatness

The stage play "1776" with a bit of humor and a slight stretch of historical imagination, conveys some of the intense frustration and soul searching involved in this Nation's birth. At one particular point, when John Adams was distressed by the turn of events, his loving wife Abigail sent to him a bit of philosophy which bears repeating. It went something like this: John, there are only two creatures of worth on the face of the earth: those with a commitment; and those who require a commitment.

Agriculture is a creature of worth. Food is the first law of life. Nations have risen and fallen because of food--or the lack of it. Hunger starves the body, and then the soul. Nourishment fires the body, so man can fulfill his soul.

Agriculture requires a commitment--a commitment of resources, of technology, of land, of manpower, of risk, and of leadership. It always has required a commitment--and the agriculture of tomorrow may require an even greater commitment, if Mankind is to survive.

And you who represent the leadership of this great agricultural fraternity are creatures with a commitment--a commitment which, in Abigail Adams' line of reasoning, makes you creatures of worth. I want to talk with you about that commitment, about how deep it is, about how real it is, about how great it is.

Address by Secretary of Agriculture Earl L. Butz before the Diamond Anniversary Conclave of Alpha Zeta Fraternity, Columbus, Ohio, August 31, 1972, 8:00 p.m., EDT

Obviously, you are committed to agriculture. Otherwise, I can imagine no reason why you would express any interest at all in an agricultural fraternity. Secondly, you are committed to a standard of performance considerably above what is necessary just to get by. You could not have made it into Alpha Zeta were that not the case.

But the question is--have you committed yourself to greatness? You're already on the right road--you've chosen agriculture. You're already on the high road--Alpha Zeta has chosen you. But will you reach the top of the mountain? That's the question. Have you made a commitment to greatness?

Now you may say back to me--what makes the difference? Does it really matter whether you're committed to greatness? I say--Yes, it does.

Twenty five years from now, Alpha Zeta will celebrate its Centennial. By that time agriculture will have advanced in all of its aspects. Even our wildest dreams today cannot possibly foretell in detail the agriculture of 1997.

But you can be sure of one thing--much of the progress made between now and then will be made by the men of Alpha Zeta. You represent some of the best minds, the most creative spirit, the boldest ambition, and the most identifiable leadership on the Agriculture College campuses today. Clearly, the burden of agriculture's greatness in the next quarter century will be on your shoulders. But how will you bear it? Are you committed to the greatness that will be required to lead agriculture forward into the Twenty-first Century? And, if you are committed to greatness, then are you making every effort to build that greatness to which you are committed?

Memory takes me back a few years ago when my oldest son was between his junior and senior years in high school. He won a summer science fellowship to Indiana University, and I went down there at the session's conclusion to bring him home.

A commencement address ended this five or six week period for these youngsters. The speaker was an eminent biologist, later Dean of the Graduate School, and then retired. He spoke on the education of a scientist. He was thinking, of course, as a so-called pure scientist--one that deals with the hard sciences--not the social scientist I was trained to be. He recognized these youngsters as a brilliant group, and he said--"I'm going to talk to you now about how you prepare yourself to be a scientist. I assume that fully half of you will complete your doctorates--you're that kind of people. And I assume that fully a fourth of you will do some post-doctorate work--you're that kind of people. Now with that background, what should you emphasize in your four years of undergraduate work in college?

Here's what he said.

First, master your native tongue. Get it so thoroughly that you don't have a shred of doubt about your capacity to communicate an idea to anybody, anyplace, anytime. This is by all odds the most important thing you must do as a scientist.

Second, master a foreign tongue. I don't care what it is. It can be Spanish or German, French or Russian, Portuguese or Chinese. Get it so thoroughly that you can dream in it. When you dream in it you have mastered it. This will improve your communicative skills.

Third, take as many general subjects in college as your adviser will let you take. Learn something about history and anthropology and philosophy and religion and sociology and ethics. Fight with your adviser because your adviser is going to be in the science school, and he's going to try and put you in science courses.

Fourth, take as many science courses as you can take outside of the area of your specialty. If you are going to be a physicist, you should know something about chemistry and something about geology and something about astronomy. Fight with your adviser--he won't let you do much of it.

Fifth, if you have any time left, take the courses in the area of your specialty.

I've often thought about the advice that wise man gave to those youngsters. I doubt if many of them remember those five points he said, but they stuck with me somehow as being five very significant points in the task of preparing for a commitment to greatness.

Most of you cannot start anew to plot your course of academic preparation. But you are far from through. You have many choices left, beginning in a matter of days when your fall terms begin. I challenge each of you to prepare yourself wisely, broadly, solidly while you can, before the pressures and the demands of a job rob you of the opportunity. But don't doubt for a moment that the future will demand the best preparation you can make.

The challenge of an expanding agriculture demands greatness.

More than ever before, the American farmer is producing for a world market. No segment of the industry of agriculture can ignore this fact. The Agricultural Act of 1970 has literally transformed the American farm economy from a shrinking industry into an expanding industry. The Act of 70 is voluntary--it rejects the idea of rigid mandatory controls. The Act of 70 seeks to strengthen a market dominated agriculture--it avoids the pitfalls of a government dominated agriculture. It increases farmer leverage in the marketplace instead of depending upon government leverage in the marketplace. The Act of 70 strengthens the competitive advantage of American agriculture instead of opting for the short-term umbrella of legislated protectionism.

An expanding agriculture requires expanding markets--and our markets have expanded, particularly abroad. Farm exports were slumping in 1968, but have since responded to the thrusts of an expanding agriculture. In the fiscal year ended June 30, our farm exports totalled \$8 billion--an all-time record. In fact, farm exports will set a record in 1972 for the third calendar year in a row. We have set a farm export goal of \$10 billion by 1976--and I wouldn't be at all unhappy or surprised if we reach that goal before the year of our Nation's Bicentennial.

But just as that \$10 billion export goal will not be reached without effort and skill and brains and ingenuity--neither will we be able to maintain an expanding agriculture down the road without brilliant minds, brave innovators, and potent leaders to guide the way. It will take men trained to look above our present yield barriers and below our present costs.

It will take men with the built-in background to analyze the markets beyond our shores and with the carefully-developed skill to capture and maintain those market opportunities for American farmers. That will take men committed to greatness--committed today and preparing for the challenge ahead.

The challenge of a more scientific agriculture demands greatness.

The test tube and the computer are just as much a part of modern agriculture as the horse plow and the lard-fat sow were when Alpha Zeta was born in 1897. Science has revolutionized farming--again, and again, and again. And science will continue to provide the tools for the future.

But science is merely man's way of speeding up progress. It has been the men and women of agriculture--through science--who have built American agriculture to the place it is today. Scientific man has changed the Ecology of Nature, sometimes harshly, but nearly always to the benefit of Mankind everywhere. We live and feed ourselves by science.

A century ago, the Almanac advised the farmer to plant:

One for the mole,
One for the crow,
One for the blight, and
One to grow.

Let's be honest: God put the worm in the apple;
man took it out.
God put the cockroach in the cracker barrel;
man took it out.
God put the potato bug on the potato plant;
man took it off.
God put the termite in the timber;
man took it out.
God put the malaria-laden mosquito in the backyard;
man took it out.
God put the mildew on the rose;
man took it off.
God put the parasite in the pig;
man took it out.

And after years of unprecedented scientific progress, some of our most beneficial achievements now stare us in the face as problems. DDT must have a replacement--society has decided that we can afford the luxury of avoiding the miniscule risk which DDT has always presented as it saved the lives of an untold number of people; we now must find something as effective yet safer

DES must have a replacement--society has decided that we can afford the luxury of eliminating the questionable risk which DES-fed meat always brought while it cut costs so more Americans could afford to put red meat on the table; we now need to find something equally as effective and as cheap--if we can--yet with no risk.

We must find a new way to keep coyotes and eagles from picking off young lambs and calves. We must find more effective ways to fertilize, with less possible side-alteration of the environment. We must find better ways to dispose of livestock waste--since we have not yet found a way to produce a tasty sirloin without putting up with some cow manure along the way.

And in the years ahead, these environmental challenges will mount rather than subside. The demands man will place on science to service agriculture in the years ahead will be beyond imagination. Pursuing the science of agriculture will take men committed to greatness--committed today and preparing for the challenge ahead.

The challenge of a free farm economy demands greatness.

Just this month, a team of North Central Land Grant College public policy economists came forth with a publication entitled "Who Will Control U.S. Agriculture?" This thought-provoking study of the policies affecting the organizational structure of U.S. agriculture presents clearly the question which you must answer in the next 25 years.

I believe in a free agriculture where family farmers earn in the marketplace a return for their investment, their management skill, their efforts, and their risk which is commensurate with the return those inputs would earn elsewhere in our economy.

But it will take effort and wisdom to maintain such a free agriculture. It will take farmers even better trained, even more tenacious, and even more persistent than the ones we have today--and they must come from your ranks. The average age of our farmers is 52--too old. We are ten years behind in remanning our farms. Men of your calibre must continually enter the profession of farming. And if farming in America is to maintain a free orientation, then the most potent and capable of you in the realms of leadership will be demanded in farm cooperatives and farm organizations. Nothing less than the best will suffice.

Keeping agriculture free will demand men committed to greatness-- committed today and preparing for the challenge ahead.

The challenge of a wiser government role in agriculture demands greatness.

The role of the government in agriculture has changed over the years. It has been important in our record of farm progress. Government plays a highly involved role today--and it will, no doubt, have a significant effect upon agriculture in the future.

Historically, government farm programs have straddled the barbed wire fence between economic soundness and political reality. Now that's a dangerous place to stand.

Politics and soundness need not be inconsistent. The challenge in the future will be to seek the right mix of economic soundness and political reality.

It will take potent, dedicated agricultural leaders to find that combination and maintain sound programs which serve farmers. That will be tough. It will take wise leaders with a commitment to greatness-- committed today and preparing for the challenge ahead.

The challenge of a more prosperous rural life demands greatness.

Rural America--this home-centered, church-centered, community-centered segment of American life--has been the very bosom on which our thriving farm economy has been reared. But now, not only do farmers see the need for renewing the spiritual and economic vitality of rural America--but a Nation of unbearable cities and overcrowded suburbs suddenly has a stake in rural America remaining a good place to live.

This land is ripe for sound rural development. But rural development cannot be done to a rural community by outsiders. Rural development must be accomplished by communities themselves, by people in those communities willing to put their shoulders to the wheel.

And that takes leadership. Rural development will be perhaps one of our greatest needs in the years ahead--and it will be one of our most difficult tasks. It will take extraordinary leaders committed to an extraordinary greatness--committed today and preparing for the challenge ahead.

Are you committed to greatness, and will you prepare for the challenges ahead which demand greatness of you?

I have great confidence in the young people who are anxious to take the reins in agriculture. We've never experienced the generation gap in agriculture which undermined the rest of our society in the decade of the Sixties. There has always been so much work to do on the farm that there isn't time for that gap to develop or widen, and when rural youth leave the farm they take with them a sense of direction and purpose.

You are far more ready than your contemporaries to leave your classrooms and fraternity houses and football games and professors--and step with confidence into a career in agriculture eagerly waiting what you can contribute to it.

You've grown up somewhat immune to the mental loafing which characterizes too much of society today--you wouldn't be Alpha Zeta men if you weren't.

You're close enough to the soil that you understand what productivity is all about--that if you would have more, you must produce more. You know that it's one thing to have idealism--it's another to work to make your idealism effective.

You know your profession. You know the commitment which agriculture requires and you are committed to agriculture. Now make a commitment to greatness!

For A.M. Release Sept. 1, 1972

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Mrs. Davis
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KEEPING PACE WITH CHANGE

We live in exciting times of dramatic change. It would be difficult to find a more significant example of change than the remarkable turn-around in America's international relationships. This is especially thrilling to me because our agricultural community is so deeply involved.

The Cold War with its suspicions and antagonisms is giving way to a new era of negotiation and cooperation, holding out a real promise of a generation of peace. Who would have thought, even a year ago, that this new climate would exist today? That the President would have made his epochal journeys to Peking and Moscow? That by now we would be making huge grain and soybean sales to the Soviet Union, with good prospects for long-term trade?

We stand at the threshold of an era in which it can accurately be said that American farm commodities will be helping pave the way to peace. It can be an era of expanding markets and broadening opportunities--an era which will demand the best professional leadership in agriculture, the most efficient use of new technologies, the greatest managerial skills in production and processing and marketing.

For agriculture, it will be an era of special challenge. Predictions are that by the end of this century, our present world population of 3 and 1/2 billion people may double to 7 billion. That means we must learn in this next generation how to feed as many more people as we have learned to feed since the dawn of history--and to do it with diminishing land resources.

Remarks by Secretary of Agriculture Earl L. Rutz at annual faculty dinner of the Graduate School, USDA, Washington, D.C., Sept. 6, 1972, 7 P.M. EDT

Never was the need for trained leaders greater than it is today.

Not only in agriculture, but throughout business and industry, and in that greatest business of all--the business of living together that we call government--we need trained minds that can keep pace with change.

For it may well be that we are in the process of building a new society as we enter the post-industrial or "super-industrial" revolution. That term comes from the book, "Future Shock," by Alvin Toffler. He sees us simultaneously experiencing a youth revolution, a sexual revolution, a racial revolution, a colonial revolution, an economic revolution, and the most rapid and deep-going technological revolution in history. Much that is happening seems to support his observations.

It has been said quite reliably, in my opinion, that 10 years from now, half of the information which June's college graduates took with them will prove obsolete and useless. Half of the information that most June graduates will need to be successful 10 years from now hasn't even been discovered yet!

In the August issue of "The Futurist" magazine, one of the Graduate School faculty members predicts that "the next 30 years will witness a change as enormous in scope as the Industrial Revolution; that is, the change during the next 30 years may be equal in scope to the change of the past two or three centuries!" Even if the author is only partially right in his prediction, it means accomplishing in decades what formerly took centuries.

Training and continuing education will emerge as a major growth industry.

We have no choice other than to encourage training, retraining and continuing education to the hilt, because as the author of "Future Shock" points out, we are rapidly changing the kinds of expertise needed. The years ahead will require more "Multi-specialists," persons who know one field well but have the flexibility to cross over into others easily.

According to Toffler's view, the average 20-year-old who enters the work force today can expect 6 or 7 significant job changes in his lifetime-- and each will require retraining. We can no longer think in terms of a career, but in terms of "serial careers," he says, and I share that view.

In my opinion, the Graduate School has an important role to fulfill as a pace-maker in this era of change; it has a leadership role as a future-facing institution whose main objective will be to help adults learn and to continue learning throughout their lives.

The Graduate School serves continuing education in numerous ways.

The question is sometimes asked, how is it that the Graduate School which is for all Government employees should be in the Department of Agriculture? There are many reasons.

First, USDA has a basic commitment to growth--plant growth, animal growth and, of course, human growth. In its agricultural setting, the Graduate School provides the kind of environment and opportunity conducive to growth.

Also, we are mindful of the great tradition of cooperative partnership that exists between USDA and the Land Grant educational system. In 1920 there was no Land Grant institution in Washington, D.C., so the Graduate School was established to help meet the need for continuing education seen in the post World War I years.

Moreover, agriculturists have long been pioneers in adult education in the United States. For generations, county agents have been agents of change in scores on scores of local communities.

These are all valid reasons why the Graduate School had its beginnings under USDA auspices. But I suspect that the real reason is that in 1920 a few leaders in the Secretary's office perceived an unmet need and decided to do something about it.

Continuing education is the best investment Americans can make.

Not only do the dramatic changes of these times make continuing education and retraining imperative, but also, in the words of Peter Drucker, "Education is our most precious wealth-producing resource." As one who has been professionally involved for many years in continuing education, I can testify that it is an investment that pays handsome dividends in new knowledge, new attitudes, new skills, new satisfactions, and improved services to the public.

That's why we in the Secretary's office are solidly behind you--the faculty and committee members who share your knowledge, experience, ideas, and your limited time in making this Graduate School the "do it yourself" kind of institution that it is. A school for Government people with courses planned by Government people and taught by still other Government people.

I take great pride in the fact that this school started here in the Department and that it has been nurtured over the years by a succession of Secretaries of Agriculture and their aides. I take pride in the notable growth that has taken place--the school's ever-increasing scope of influence and service.

I am also impressed by Director John Holden's report that again this year the Graduate School has innovated and added significant new programs--and for good measure has ended up once more in the black.

The students and general public owe you faculty members a heavy debt.

As most of you may know by now, at the last Board meeting a small increase in faculty honoraria was voted, effective the first of this month.

Incidentally, do you know why we call it an honorarium and not a pay raise? It's because it's so little and so far below what you are really worth--the truth is we do not dare call it faculty pay.

What applies to the faculty applies even more to all of you committee members, who not only do not receive any pay, but don't even get an honorarium! All you get is an invitation to this annual dinner.

I understand that 5 of the 7 who are being honored tonight for their 20 years of service in the Graduate School are committee members who volunteer their services. No wonder John Holden finishes the year in the black!

You are all owed a substantial debt, and you all deserve a great deal of praise. I refer to the faculty, the grass roots of this institution; the committee volunteers who help keep the Graduate School relevant by suggesting new courses, new teachers, and revisions in course work as Government programs change and emerge; and the small full-time staff who manage somehow to handle an aggregate enrollment of more than 20,000 students and interact with more than 600 faculty members teaching in 60 or more different locations all over the District of Columbia and elsewhere in the country.

And while citing those who deserve praise, we should also be mindful of the wives, husbands, and families of our faculty people, because they too are contributing to the success of the Graduate School. This institution has come a long way from its first year when it offered 9 courses to 176 students. This is a great institution--and you, the people who are the Graduate School, are who make it great!

Let us strive to keep the Graduate School ever more relevant.

No matter how impressive the track record has been, the urgencies of these times pose unprecedented challenges to the Graduate School. Our technologies, our values, our Nation, and our entire world are undergoing changes at faster rates than ever before, with no slow-down in sight. The critical task will be to achieve constant flexibility in continuing education, and the Graduate School can help contribute to that objective.

Let us all try, accordingly, to be on the alert. to the need for course changes, course improvements, and course innovations...with the special needs of Government people always in mind.

The Graduate School, from its first year, has been an open-enrollment institution, a school where adults of all ages and all levels of preparation have been given a chance to learn with and from each other. It has been a place where the individual, regardless of race, sex, or age, could find an opportunity to learn and hopefully to progress in his career.

I was particularly pleased to learn from John Holden that you are making even more determined efforts than in the past to add greater numbers of young people, women, and minority members to the faculty, committees and staff. I urge you to set your sights even higher and make this coming year the best ever. This is not so much the school's 51st year as the first year in your next half century. Let us be proud of the past, but focused on the future.

Our real challenge is not only to continue to serve, but to pioneer in new, innovative, and ever more relevant learning opportunities for all. With the kind of talent and spirit personified here tonight, I am confident we can accomplish that goal.

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AMERICA'S EXPANDING AGRICULTURAL BASE

Preparing for this pleasant occasion, I had opportunity to look over your departmental project manuals. I was impressed by the parallels between a large number of your action goals and the activities of America's agricultural community. Your interests and those of us in agriculture converge at many points.

I also saw on the cover of each booklet the General Federation seal bearing the words, "Unity in Diversity." That slogan could apply quite appropriately to the work of the Department of Agriculture, it seems to me.

Like your thousands of members, your clubs in urban, suburban, and rural communities, and the many-faceted programs of your national organization, we of the USDA have diverse programs bound together in unity of purpose. And like you, we are people-oriented; we start with people. When the USDA was established as a Cabinet department 102 years ago, President Lincoln was said to have called it the "people's department." He was quite right. No other agency of Government touches the lives, every day, of as many people--consumers and producers, young and old, rich and poor--as does the Department of Agriculture.

Just to name a few of the major USDA agencies at random suggests their diverse scope--Agricultural Stabilization and Conservation Service, Forest Service, Commodity Credit Corporation, Agricultural Marketing Service, Packers and Stockyards Administration, Foreign Agricultural Service, Rural Electrification Administration, Food and Nutrition Service, and the like.

Remarks by Secretary of Agriculture Earl L. Butz before national board members and national officers, General Federation of Women's Clubs, Washington, D.C., September 12, 1972, 1 P.M. EDT

The common purpose that unifies these and many other agencies can be stated quite simply: to help people eat better, feel better, and live better. But those simple words encompass an enormous range of effort; and progress toward our goal will demand an immense amount of understanding and cooperation on the part of people like you, representatives of leadership throughout the feminine half of the Nation's populace.

Our greatest task--that of USDA, the Land Grant educational system, the cooperative Extension Service, and farmers themselves--the agricultural community's greatest task is to fulfill the first law of life, to produce food in abundance, so that our growing population will be well fed and productive. Only after that is done can a nation then develop the affluence and good life that we seek.

That ever-greater objective requires that we keep the American agricultural process in top working order. That, in turn, takes income, because we have a \$300 billion-plus farm plant to maintain. Every woman in America, and every husband who earns the money to pay the family's bills, has a stake in fair prices to farmers so as to assure that the agricultural machine stays in good working order.

Only a healthy, dynamic agricultural economy can widen consumers' choice to have the kinds and qualities of food they want. Only an agricultural effort based on profit incentives like any other business can assure you food abundance with built-in safety, wholesomeness, and convenience. Only in America, with a farming capacity to produce in super-abundance, could people stage the most massive campaign in mankind's history to wipe out the blight of poverty-caused hunger in a land of affluence. Only in America can we enjoy our high level of eating so reasonably that we spend only 16 cents of every take-home dollar for our food.

These are all sufficient reasons why the Department of Agriculture is doing its utmost to expand America's agricultural base. And there are other important reasons as well, because an expanding agriculture and increasing farm prosperity are major keys to building a better American environment--a better total environment of economic opportunity, of natural surroundings, of health, culture, and recreation in countryside areas accessible to all our major cities.

Here today we enjoy the hospitality of the Agricultural Research Service in the National Arboretum. My hope is that your visit will have given you greater insight into the work being done to help farmers, ranchers, growers, and foresters improve their stewardship over vast amounts of America's land, water, and vegetative resources. Many of the products of this research, as well as technical work by the Forest Service and Soil Conservation Service, are certain to have useful application wherever you may live.

Let me commend the General Federation for the interest it is giving the Environmental Thrust program of USDA, mentioned in your Conservation manual and other Federation literature. This is an inter-agency program designed for grass roots action to combat pollution in practical ways--with back-up support by the many local USDA offices throughout the country.

As you leave, each of you will also receive a souvenir copy of the current USDA yearbook, "Landscape for Living," which is in great demand as a source of information on a great variety of ways to make better use of trees, flowers and other growing things to improve our natural environment.

Our aim this year to expand agriculture's base with greater sales and healthier profits has also included intensified efforts to inject new dynamism into rural communities. I urge those of you concerned with public

affairs and community development to tune in with the significant work of USDA's credit agency, the Farmers Home Administration, in promoting more and better rural housing, community services, and economic growth.

I am mindful also of your interest in international affairs--an area in which American agriculture is becoming a potent force. Last April I had the opportunity to confer in Russia with Chairman Brezhnev and Soviet Agricultural Minister Matskevich concerning the Soviet Union's needs for grain. Later came the historic journeys of the President to Peking and Moscow, opening the way for future cooperation in trade and many other fields of endeavor.

In his Summit meetings the President spoke with strength, because behind him was the strength of American enterprise and the strength of an expanding agricultural system. That strength gives him the power to design the architecture of international cooperation--the best kind of foundation for an enduring peace.

American farmers whose earnings are improving as the result of huge sales of grain and soybeans to Russia are already feeling the benefits of that kind of peace. The increasingly favorable impact of agricultural trade on our international payments balance gives farming new stature as a plus factor in the economic outlook for all the people of America.

And the people of Russia and elsewhere, who will be enjoying better diets because of the feedstuffs we are selling them, will similarly feel the benefits of the new era of mutual cooperation. American farm commodities can accurately be said to be helping pave the way to peace. The events occurring in agricultural trade are but a prelude to wholesome developments in a broad spectrum of mankind's activities during the exciting years ahead.

This is progress which all Americans can be glad to take part in, for it is progress toward lasting peace.

Harvest is approaching. Now and then the evening air is a little nippy. There is a morning dew on the grass. The kids are back in school. It's nearly time to bring in the crop.

I wish that people who have never experienced the harvest season could be here with me today--here in the corner of Iowa with your neighbor, Illinois, just across the river--here with real farms and real farmers. When you list Iowa's top farm crops in order--cattle, hogs, corn, soybeans, dairy, poultry, and sheep--you've set down the foundation of American agriculture. You sell more hogs than any other State--and you're tops in total livestock production. You're second in beef production, topped only by Texas. You're the top corn State--though Illinois sells more. And you're a strong competitor as the second largest soybean State. In fact--Iowa produces nearly 8 percent of all the food in the country.

Yes, this is farm country.

And it is most fitting here, on the eve of harvest, for the Burlington Chamber of Commerce to pay this tribute to farmers. The agricultural abundance which we enjoy in America is the product of what agriculture and business together make possible. The business community in Burlington--in all of Iowa--knows that. And farmers know it.

Address by Secretary of Agriculture Earl L. Butz at the Annual Farm Barbecue, Burlington, Iowa, September 13, 1972, 12:00 Noon, CDT.

Where would the Iowa farmer be without the host of businesses which serve farmers--both on the input side and the output side? We couldn't begin to feed this nation--and others around the world. And what reason would there be for many of the key businesses and for much of Iowa's manufacturing without farmers? Iowa would again become an open prairie.

It is this interrelationship between farming and business--and its solid benefit for all--which brings you here for this barbecue.

But, if you've noticed, there is a little whiff of something besides barbecue and harvest in the air. A controversy over farm policy is brewing--which isn't unusual for the autumn of a year divisible by four. Day by day, a critical farm policy debate is emerging, a debate in which every citizen--especially in Iowa--has a stake.

Honest, dedicated men will differ on farm policy. There is no single, flawless way to achieve the goal we all seek: a fair return to farmers for their investment, their labor, their management skill, and their risk--and, at the same time, a maximum degree of freedom for farmers to manage their own farms in line with individual preferences and sound husbandry.

Now any discussion of farm policy must recognize the fact that America's agricultural productivity is already larger than our markets--we can produce far more than we need for home use--and it keeps growing as our yields per acre and livestock production efficiency increase. So, farm policy alternatives boil down to ways to deal with that fact.

One approach is embodied in the Agricultural Act of 1970 which expires next year. That approach, basically, is this:

* Farmers are happier when they are producing--and the public mood, reflected in the Congress, is less critical when farmers are producing; so, let's let farmers produce.

* To survive then, we must look to exports to market a substantial part of our production; so, let's encourage and facilitate exports.

* World markets are increasingly competitive, and domestic markets feel the pressure of synthetics and substitutes; so, let's not lose overseas markets or give over domestic markets to synthetics by establishing unrealistically high support prices.

* Farmers know better than anyone else how best to use their resources to make a profit; so, let's maximize farmer decision-making and allow domestic production to shift to where its advantages are.

* Government-held stocks hover over the market to depress prices and make money for firms with storage facilities; so, let's minimize government-held reserves and leave the supply in the hands of farmers, and give farmers the tools to carry the risk, market at the best prices, and earn the profits for carrying the crop from times of abundance to times of shortage.

The Act of '70 seeks to maximize farm income (under the formula of Price x Quantity - Expenses = Income) by attempting to secure (1) a reasonable, market-dominated but protected price; (2) a maximum possible quantity through large exports and extensive domestic use; and (3) minimum expenses assisted by allowing farmers to spread their fixed costs over more production and the greater efficiency which the increased decision-making freedom allows.

Of the alternatives to the Act of 1970 being bantered about--one, in particular, seems to be surfacing as the contrasting approach. It's certainly not new.

Its basic thrust is this: The most important factor in the farm income formula is price. This approach involves high per unit price supports. It would complement those high support levels by instituting a sizable government-held reserve. Some exponents of this approach would favor an export subsidy to maintain export markets, and high import tariffs to maintain the domestic market. Others would institute high-cost rigid production controls, perhaps mandatory historical quotas, to reduce production to a level which would achieve the high support prices despite loss of export markets.

With these two alternatives in mind, let's consider the key issues which every farmer--and indeed every American--must weigh in an attempt to place farm policy in realistic perspective.

Do we want an expanding agriculture--or a shrinking agriculture?

An expanding agriculture is the best solution to declining farm numbers. A shrinking agriculture can't help but hasten the exodus from farming. The thrust of expansion in the 1970 Act has had a positive effect on farm numbers--especially compared with the restrictive backward-looking programs of the 1960's. Under the Act of '70, we've cut in half the rate of decline in farm numbers, from an average of about 104,000 per year in the 1960's to only 45,000 for 1971.

An expanding agriculture is the best foundation for sound and effective rural development--a goal to which we are firmly dedicated. An expanding agriculture means a more thriving, opportunity-laden rural America; more demand for production goods, services, credit, labor; and more product to move and process and merchandize--the building blocks which form economically sound rural communities and which give the rural countryside new hope. A shrinking agriculture reduces rural development to no more than an empty, futile slogan--more of the same old boondoggling and promises and more dust in the streets.

An expanding agriculture lets American farmers take advantage of their competitive advantage in worldwide farm production. We have been working hard to expand exports--and those efforts have paid off. Farm exports totaled \$8.0 billion in the fiscal year 1971-72--an all-time record. And this will be the third calendar year in a row that farm exports have set a record. From a broader standpoint, agriculture added over \$2.0 billion to our balance of trade last year.

It has taken long hours of conscientious, dedicated work to build our record in farm exports. We've pushed hard--and we will keep pushing.

Iowa farmers are benefiting greatly from this progress. When the historic \$150 million sale of feed grains to Russia was accomplished last fall, it meant more dollars for Iowa corn farmers. The three-year agreement with Russia to purchase at least \$750 million of U.S.-grown grains--signed and announced on July 8--is now benefiting and will continue to benefit Iowa farmers.

The volume of grain which Russia has already purchased is greater than either we--or the Russians--anticipated when the agreement was signed. The extent of the failure of the Russian wheat crop became more and more apparent--to Russia and the world--in late July and early August as Russian wheat purchases mounted.

As the Russians began to purchase soybeans, it became evident that we had been successful in conveying to Mr. Brezhnev that the most efficient use of energy feeds is to combine them with protein feeds--in this case, soybeans. The increased soybean sales and strengthened soybean prices are benefiting Iowa farmers.

I still believe that Russia's plan to improve the protein diet of the Russian people--by producing more meat--will be translated eventually into sizable corn purchases--which will benefit Iowa farmers. We can do that if the current political attacks on wheat sales don't upset the apple cart and jeopardize future trade.

We've set a farm export goal of \$10.0 billion--and I believe we'll make it. That will mean new markets and better prices for Iowa farmers. And it will provide an opportunity to move more idle acres back into production--and that will benefit Iowa farmers.

There is an even greater dimension of importance in our export growth. Our great agricultural productivity has become a very positive force for peace. Every farmer in Iowa is making a positive peace contribution. You are the foundation behind trade talks in Moscow or Peking or any other corner of the world. The American granary has been ready when the world has become hungry. The entire world is aware of what the American farmer can produce--so much so that the American farmer may, in fact, become the very cornerstone of lasting world peace.

This solid expansion of farm exports will help measurably to move American agriculture down the road to an expanding agriculture with expanding markets where our farmers have a chance to expand their production. An expanding agriculture will capture for American farmers--who are the world's most efficient--a good share of the growing worldwide market. A shrinking American agriculture will relinquish those markets to foreign governments.

Do we want voluntary programs--or rigid mandatory controls?

If we've learned one thing in this nation's nearly 45-year history of government farm programs, it's this: High per unit price supports require their inevitable Siamese twin of rigid controls.

High price guarantees make it impossible to maintain any semblance of balance between production and use; they offer undesirable incentives for excessive production; and at the same time they discourage much-needed increases in consumption. And politicians have never been quite willing to adopt controls strict enough to make these price guarantees work.

It's clear that voluntary controls are not compatible with excessive government price guarantees. Farmers are just too skilled at using the pencil--and they know what excessive price guarantees do to the market. They soon calculate a greater return by staying out of the program. Then production surges upward, surpluses mount, high government price guarantees inhibit trade and domestic sales--and the only way to get production back in line, while maintaining those high per unit price supports, is to slap on rigid, mandatory controls.

Do we want a market-dominated agriculture--or a government-dominated agriculture?

A market-dominated agriculture lets production shift and adjust as consumer preferences change and as export demand grows. It is forward-looking. It lets farmers make production decisions based on crop profitability, and it tends to let farm production shift and adjust to farmers who can produce each crop best. A government-dominated agriculture is, almost by definition, backward-looking. Production becomes based on historical patterns and crop histories--yesterday's rotations and yesterday's yields.

A market-dominated agriculture means that consumers will pay the full cost of the food they obtain--and a government-dominated agriculture will tend to subsidize food costs to consumers. Cheap subsidized food priced below cost of production is the birthright of no man who can afford to pay for it. A market-dominated agriculture will insure that those who can afford to do so will pay the cost of the abundant, nutritious food they enjoy. There are other ways to help those whom society seeks to help without doing so through a government-dominated agriculture.

A market-dominated agriculture will not make farmers dependent for their incomes and welfare upon a consumer-oriented Congress. A government-dominated agriculture is overly dependent on farmers' diminishing muscle at the ballot box.

Do we want farmers to have leverage in the marketplace--or government to have leverage in the marketplace?

Programs designed to increase farmers' leverage in the marketplace give farmers control over all of their planting and marketing decisions. Government leverage in the marketplace reduces farmer decision-making.

When farmers control production reserves--then farmers call the tune, farmers earn the bulk of income that's made from storage, and farmers benefit from any equity gains. When the government controls reserves--then farmers lose their options, and profits go to firms who store grain for the government. Further, farmers have yet to voice anything but universal criticism of the pricing and timing of government-held commodity sales.

Putting market leverage in the hands of farmers substantially increases farmers' ability to maximize returns. Under the present program, producers are permitted, for the first time, to contract for future sale of their grain, and carry it under loan until delivery. There is no loss of loan eligibility. This forward contracting provision gives farmers greater leverage in taking some of the risk out of price changes--while they maintain control of the grain, earn returns from storage, and work for the best terms of sale. Placing market leverage in the government's hands leaves farmers with few options to pursue to seek the greatest returns.

In a matter of days, corn belt farmers will swing into harvest. Harvest will be foremost in your minds. You'll have little time to ponder anything else. But as you listen to the news--for the weather and the markets--you will hear more and more of the debate over farm policy. As you do, keep the real issues in mind.

For PM's Sept. 13, 1972

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STATEMENT OF THE HONORABLE EARL L. BUTZ
SECRETARY OF AGRICULTURE
BEFORE THE
LIVESTOCK AND GRAIN SUBCOMMITTEE
OF THE
HOUSE COMMITTEE ON AGRICULTURE

September 14, 1972

Mr. Chairman and Members of the Subcommittee:

I am here at your request to testify concerning the large and beneficial sale of U.S. grain which is being sold to the Soviet Union by the private grain trade.

At the outset, I would like to make clear that this sale to Russia is an historic and major agricultural and national achievement.

This sale of grain is good for American farmers--they have stronger markets, higher prices and more freedom to plant. The sale is good for consumer taxpayers--they will pay less for storing excess grain and less for farm program costs. The sale is good for labor--they will have more jobs and more work. The sale is good for our economy--it will be strengthened by this increase in business activity and by a sizeable, favorable contribution to our balance of trade. The sale is good for all citizens--it is a major contribution to bettered commercial and political relations between two powerful nations.

Those facts, I am sorry to say, have been partially obscured by a continuing, patently political smokescreen emanating from inneundoes, misstatements, falsehoods, and haranguing.

My mission here today is to bring some semblance of fact, perspective, and good judgment to the matter.

I urge you knowledgeable men of this sub-committee to join me in the quest for calm and understanding. I am aware that this is more difficult for you since the political leadership of the House has injected politics into the matter by asking you to hold this hearing. I am also aware that it is more difficult for you when a candidate for the Presidency fills the airwaves almost daily with wild, unsubstantiated and inaccurate charges, as he tries to make a political circus out of an historic event.

I can tell you frankly that these biased political manipulations are jeopardizing the present and future sale of grain to the Soviet Union. The political attacks are harming the continuing commercial relations and political relations between two great and powerful nations. The political harangue is jeopardizing the attitude of the American people, the Maritime workers, and the private grain traders toward commercial sales with the Soviet Union. Professional workers in the Department of Agriculture are wondering if they must face a political inquisition every time a trade of this kind is made; prospective appointees with experience and expertise will refuse to serve the Department of Agriculture if they must face character assassination by desperate office seekers who, for personal political gain, try to taint a major achievement.

From the viewpoint of the Soviet Union, it is going through a new experience in dealing in this magnitude with private traders in this country. Soviet officials are more familiar with state monopolies which make a trade, and that's it. But the Russians, who bought grain here on the same terms as other nations, now find reckless partisan politicians telling the American people that U.S. consumers are subsidizing the sale to Russia. They find a candidate for President, no less, telling the American people that the largest grain sale in history was good only for American grain traders and was bad for farmers and taxpayers. And this candidate is alleging to the Russians that their negotiators let the American private trade make windfall profits out of their misfortunes.

These distortions are bound to cause the Soviet Union to wonder if the Americans want friendly, commercial relations with the Russians. The international sale of farm commodities is a highly competitive business. And I repeat, the partisan attacks on this historic sale to Russia, and the poor judgment displayed, are jeopardizing the present and future sale of American farm products, and all commercial products, to the Soviet Union.

You can perform a statesmanlike and bi-partisan service for the country by restoring calm appraisal to the achievement for United States farmers, workers, taxpayers, and citizens that is embodied in this historic commercial transaction between these two nations.

Let's look at what this sale of grain to Russia has done, and what the alternatives would be:

1. It has increased the value of farmers' crops by nearly \$1 billion. The alternative would be less income in farmers' pockets.
2. The sale to Russia has reduced the total stocks of grain in this country--but there are still adequate supplies--and this has enhanced the prospect of stronger grain prices for farmers next year. The alternative would be larger surpluses, lower farm prices, and tighter controls on farmers.
3. The sale to Russia has reduced the cost to U.S. taxpayers so that the cost of the export payments on the sales to Russia are offset by dollar savings of about four to one. The cost of wheat in a loaf of bread has increased by an amount equivalent to only about one-half cent per loaf. The alternative would be higher government tax costs, with farmers getting less income.
4. The sale was conducted by private traders, which is the American way of doing business. The alternative would be state monopoly trading with the government conducting our export business.
5. The credit arrangements were negotiated and carried out by experts in the Department of Agriculture who were selected for their experience and knowledge of complicated

international trade. The alternative is to have our Department of Agriculture run by political hacks who have no expertise or acceptability in international trade negotiations.

6. The sale of wheat to Russia was made by meeting world competition with the aid of export payments that have been used since 1949. The alternative would be to withdraw from wheat exports or to let United States farmers compete individually against the Government monopolies that conduct the wheat trade of other major exporting countries and can offer huge quantities of wheat at prices of their own choosing.
7. The agreement with the Soviet Union was finally concluded when Russia agreed to our regular CCC three-year credit terms at 6-1/8 percent interest. This agreement came on July 8 after some U.S. farmers had sold their wheat. The Statistical Reporting Service of the Department of Agriculture estimates that by July 15 farmers had sold only 330 million bushels of new wheat out of a potential supply of 1,975 million bushels under farmers' control at the beginning of the season. The alternative would have been to try to induce the Russians to sign earlier by granting them terms and conditions which would have been better than the

terms available to our long-time, established world customers.

Despite the clear-cut and obvious advantages of these Russian grain sales for all segments of our economy, a number of questions and complaints have been made about them. Some of these no doubt are deliberate misrepresentations. Some undoubtedly stem from real misunderstanding due to the fact that exporting is a complicated business.

I would now like to address myself to several of these areas of fault-finding.

Farmers' Price Benefits

The contention has been made that farmers did not get the real benefits of the Russian sales because they sold before the Russian business caused market prices to rise.

I am aware that some United States wheat farmers sold their wheat before the full extent of the upward influence on price was known. They did this in preference to using the support loan program. This is unfortunate. The number of such farmers is apparently not large, since our figures show that of the total 1972 crop plus farmer-owned carryover into 1972, 83 percent was still owned by farmers on July 15.

In any case, it should be clear that the Department of Agriculture did all it could to make the situation clear to farmers promptly. This is something that the Department insisted upon in making the agreement with the Soviets.

To clarify this, let me take a few moments to outline the steps in the development of this Soviet export business.

As you know, a marketing team from the Department of Agriculture accompanied me on a trip to Russia in April to negotiate terms of trade for the possible sale of grain to the Soviet Union.

This meeting was a follow-up to the grain sale that had been made to Russia last fall, and it followed an indication of interest in further trade by the Soviet Minister of Agriculture, Vladimir Matskevich, when he visited this country last December.

President Nixon, when he visited Russia in May, further enhanced the prospect for trade between the two countries as a result of the Summit Conference.

There are three factors involved in the sharply increased grain trade with the Soviet Union:

1. A warming of relationships between the two nations with a mutual expression of interest in cooperating in cultural and scientific exchanges, and in greater economic trade to the benefit of both nations.
2. A commitment on the part of the Soviet Government to increase the protein component of the diet of its people by 25 percent during the current five-year plan. In order to achieve that goal, the Soviet Government has indicated that it would import grains and oilseeds.
3. A severe winter with limited snow cover led to heavy winter-kill of fall-planted grains in Russia. The Soviets planted more spring grains to compensate, but these spring-planted grains ran into a hot, dry summer. No one, including the Russians

could assess the effect on their grain production until the summer weather unfolded day-by-day.

That was the setting for grain negotiations between the two countries. In April, the Russians did not appear interested in our regular terms of Commodity Credit Corporation trade, including three-year credit and going interest rates. They wished to negotiate for better terms.

If we had had a choice, we would have much preferred to reach a trade agreement in Moscow in early April during my visit. This would have made the news available to all U.S. farmers before the wheat harvest had started. However, the Soviet Union was asking for credit terms which we could not legally offer and which we are not making to other nations that have been long-time customers for our wheat and feedgrain. We could not do that.

The next move was entirely up to the Soviet Government. They decided to agree to our terms on their own time schedule, which became more urgent for them when they began to assess the damage to their grain from the unusually hot and dry summer weather.

As the severity of their weather damage began to unfold, the Soviets came to this country in late June and early July to negotiate further. The entire agreement was reached in eleven days, which is virtually unprecedented in international negotiations. Ultimately, the Russians agreed to our regular CCC terms of credit.

As soon as this agreement was reached, and was signed on Saturday, July 8, the terms were announced to the world in a press statement by President Nixon and then at a joint press conference on the same day by myself and Secretary of Commerce Peter G. Peterson.

We held the signings and made the announcements on a Saturday because we believed that there should be no delay in making the information available to farmers, to the trade, to the nation's citizens, and to the world.

Of course, the handwriting about the future was plain for those who cared to read it and act upon it. As early as last April, upon my return from Moscow, I was confidently and publicly predicting that substantial grain sales to the Soviet Union were in prospect. Many other Department officials did likewise. Between early April and early September, in more than 35 separate speeches, press conferences, broadcasts, and announcements, I explained the sale of grain to Russia.

We did not tell this just to grain companies or just to farmers or just to each other. We told it to the world in speeches and statements that were generally released and widely disseminated. Circumstances have made us even better prophets than we knew.

Role of Exporters

Another complaint we have heard is that the export grain firms were given advance information by the Department about the volume of grain the Russians planned to purchase.

This is absolutely untrue. At the time of the U.S.-USSR negotiations in Washington the first week in July, the Soviets may have had an idea that they were about to enter the market in a major way. If such is the case, they may have contacted individual grain companies with respect to cash purchases prior to the completion of official conversations with the U.S. Government. In this way, the companies may have known that the Russians were contemplating large purchases. If this is the case, we did not know about it, either from the Russians or from the companies. Certainly, the companies did not learn about it from us.

We do know that Soviet buying agents were in New York during the first week of July. But any contacts they made at that time were with trading firms--not with us. And of course the purchases were made from private sources and not from the U.S. Government. This is long established policy, fully in keeping with the American free enterprise system and with repeated Congressional directives and policy statements.

I emphasize that nobody knew then--neither the Department of Agriculture nor the trade--just how much the Russians would buy. The export traders were not telling each other how much the Soviets were booking with them. The exporters did not tell the Department of Agriculture. Nor were the Russians talking.

It is accurate to say that the eventual size of the Soviet purchases caught everyone by surprise, including the Russians themselves.

Soviet grain purchasers were in this country dealing with the private export trade in July and went home. Unexpectedly, they came back in a few days--apparently after getting a further assessment of the damage that had been done to their wheat crop by the hot, dry weather.

Of course, the Russians did not want to pay more than they had to for the grain, so they were not broadcasting what their requirements would be.

As late as July 6, two days before the signing of the Russian grain agreement, nine U.S. exporters offered to sell 7 million bushels of wheat to the Commodity Credit Corporation for use in the foreign donation program at Gulf prices of approximately \$1.70 a bushel. Would they have done this if they had known that business was pending which would bull the market by between 44 and 48 cents within 60 days?

On the day before the signing of the Russian agreement, exporters booked 2 1/2 million bushels of wheat for export at an export payment of 7 cents a bushel. Would they have done this if they had knowledge of pending business that would force that export payment up to 47 cents in August?

In the entire month of July, exporters booked 153 million bushels at export payments of 15 cents a bushel, or less. Does that sound like the action of people who had advance information as to a wheat buying boom?

No Special Treatment for Russia

Some critics have alleged that the Soviets received special treatment in this matter, either in credit terms or prices.

The Soviets did not receive special treatment. When the Soviets bought grain, they bought from international trading companies and paid the open market price just as a Japanese or European buyer would do. If they bought on credit, they had the same credit terms available as other importers.

Moreover, let me point out that much of the grain purchased to date is for cash dollars. Commodity Credit Corporation credit is available for no more than \$500 million at any one time, under the terms agreed upon July 8, and if the Soviet Union should buy \$1 billion worth of grain, half of it would have to be for dollars. The other half--the CCC credit--is protected by bank-guaranteed letters of credit.

Role of Export Payments

Complaints about the export payment or export subsidy program seem to center around the belief that the United States taxpayer is in some manner subsidizing wheat sales to the Soviet Union.

Again, the answer is no. American taxpayers are benefited by these transactions, and by the export payment program that facilitates the overseas movement of wheat.

The export payment program has been used since 1949 to enable U.S. wheat to move into export--to make up the difference between a domestic price at a higher level and a world price at a lower level. Without it, we would have been relegated to the role of residual suppliers in the world wheat market.

Most of our agricultural export commodities move without the benefit of any export payment or subsidy. Once a decision is made to use export payments, there are two ways you can go. You can use a fixed payment rate, which means that you will be competitive only when other suppliers are offering at net export prices equal to yours or above them. Or you can use a variable rate that attempts to achieve targeted prices. This will keep the United States competitive at all times. The latter is the way we have been operating in the case of the wheat program.

Our target for many months has been to hold our export price at approximately \$1.63 a bushel, f.o.b. Gulf ports--a level that was designed to keep our wheat moving at stable world prices.

We had several reasons for wanting to maintain this stability. We had large stocks of wheat carried over from last year and a large 1972 crop assured. We had a substantial investment in a set-aside program designed to prevent burdensome wheat surpluses. We needed to export large amounts of wheat and at the same time not discriminate against our traditional wheat customers and create conditions that would hurt us in future years.

But with the Soviets coming into the market in a big way in August, we faced a new situation. The United States domestic price rose sharply. This, of course, was all to the good, since one of the goals of our farm policy is to help farmers get a fair price in the market place. It did require, however, that we increase the export payment in order that exporters might buy at the higher domestic prices and continue to sell at competitive world prices.

Within a few weeks, however, it was apparent that something had to give. In view of the prospect that we had equaled or surpassed our export sales goals and the cost of the wheat program had been reduced, we felt justified in permitting the export price of wheat to rise. We so informed the grain exporters on August 25 and allowed them one week in which to book export payments on sales made prior to August 24 at export payment rates made on the basis of world prices that had prevailed in early July.

We did this in the belief that if the Government is going to take part in the marketing process, it has an obligation to play fairly. The exporter is entitled to know what plan we are using, what the rules are, and when the rules are changed. That is why, for example, in past years in the case of large wheat purchase tenders by importers which have remained open for a considerable period of time, exporters had been assured that the subsidy would follow the domestic market and maintain an export price they could rely on.

On sales made since August 24, we are offering export payments at lower rates. Since the domestic price has continued to rise, it is obvious that our export prices are higher. It is too early to tell what effect this will have on export sales for the remainder of the marketing year. Payments on somewhat over 20 million bushels were booked at the lower rates during the period August 28-September 1, indicating that sales are continuing, although perhaps in a reduced volume.

In total, as of September 1, exporters have booked nearly 800 million bushels of wheat export payments covering exports during the 1972-73 marketing year. This is clear indication that our exports of wheat and wheat products for the year will equal or exceed a billion bushels--by far the largest total in our history.

As for the cost of the export payment program, it is true that it involves a Treasury outlay. It does not follow, however, that this is a net cost. Quite the reverse! As I have already

pointed out, taxpayers will benefit from dollar savings in the ratio of four to one on the cost of the export payments on the sales to Russia. A total outlay of \$300 million export payments on all shipments to all destinations will bring back Government farm program savings of a half-billion dollars, for a net savings to taxpayers of \$200 million.

Record Agricultural Exports

In conclusion, I want to say a word about the contribution of this Soviet business to our total agricultural export picture.

During the 1972 fiscal year, our agricultural exports reached \$8 billion for the first time. Soybeans became our first \$2 billion a year export crop. Exports of animals and animal products reached \$1 billion for the first time. It was a banner year, and it looked like a hard one to top.

But we are going to top it this year, and the principal reason we are is the sale of wheat, feedgrains, and soybeans to the Soviet Union. Currently, it appears that the Soviet Union will buy between \$900 million and \$1 billion in agricultural products from us during the 1973 fiscal year. If it does, and if our exports to other customers maintain the pace at which they started out in July, we seem almost certain to reach \$9 billion this year and we may approach President Nixon's \$10 billion goal.

The balance of payments contribution of the Soviet sales is likewise impressive. Since all sales will be made for dollars, they represent a direct contribution to our trade balance. In

the last fiscal year, agriculture accounted for a favorable trade balance of \$2 billion, offsetting much of the deficit racked up by the non-agricultural sector.

With nearly \$1 billion in Soviet business added, we should increase our contribution to the balance of payments substantially this year.

In quick summary, the grain sale to Russia:

1. Will enhance farm income by several hundred million dollars.
2. Will move our farmers substantially in the direction of getting their income in the marketplace, and away from such heavy dependence on government payments.
3. Will mean less onerous planting restrictions on our farmers as they produce for an expanded market.
4. Will reduce taxpayers costs by some \$200 million.
5. Will create 25,000 to 30,000 additional jobs for our laboring men.
6. Will add one billion dollars to U.S. balance of payments.
7. Will move the world's two most powerful nations along the road to normal commercial relations and peace.

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NEW VIGOR FOR THE DAIRY INDUSTRY

Earlier this week I met with national officers and board members of the General Federation of Women's Clubs--representative of top leadership in the consuming public. I told the ladies that one common purpose binds together the agencies of the Department of Agriculture--to help farmers, and to help people eat better, feel better, and live better.

That simple statement covers an enormous range of effort, not only by USDA but by our entire agricultural community, including that vital segment that produces our supply of milk and dairy products. And progress toward the goal of helping people eat better, feel better, live better demands an immense amount of understanding and cooperation from those who benefit the most from your efforts--the consumers of America.

Agriculture's greatest task--your greatest task--is to fulfill the first law of life by producing food in sufficient abundance to keep our growing population well-fed and productive. Only after that is done can a nation then develop the affluence and good life that we seek for everyone.

This country's consumers should know that in order to achieve that objective, we must keep American agriculture in top working order. That takes income--we have a \$300 billion-plus farm plant to maintain. Every housewife, and every husband who earns money to pay the family bills, has a stake in fair prices to farmers that will assure that the agricultural machine stays in good working order.

Address by Secretary of Agriculture Earl L. Butz to Associated Milk Producers, Inc., Kansas City, Missouri, September 16, 1972, 11:00 a.m., CDT

Only a healthy, dynamic agricultural economy can widen consumers' choice and provide the varieties and qualities of food people want. Only an agricultural effort based on a profit incentive, similar to any other business, can assure people plentiful foods with built-in safety, nutrition, and convenience. Only in America, with a farming capacity to produce in super-abundance, could we stage the most massive campaign in mankind's history to wipe out the blight of poverty-caused hunger. Only in America can we enjoy a high level of eating at such reasonable cost that we spend less than 16 cents of every take-home dollar for our food supply.

Milk producers are helping expand America's agricultural base.

To make these gains, and to enable agriculture to fill its proper role in the growth of our rural countryside, we should strive for bigger markets, more sales, and greater income for all the Nation's farmers. Increased farm prosperity is a major key to building a greater America that has richer economic opportunity, more health care, expanded culture, and more recreation, while preserving the natural beauty in the countryside.

Most important of all, a strong agricultural economy adds tremendous strength to the President's ability to negotiate for peace in our time, and in the generation to come. This fact has already been dramatically demonstrated, as you well know, in the historic sales of U.S. farm products to the Soviet Union and to China.

These are developments of momentous consequence to all the consumers of America and all the people of the world. Every last farmer, every food processor, every trader and marketer, can take pride in contributing--either directly or indirectly--to our agricultural strength. For without question, U.S. farm products are helping pave the way to peace.

The members of the Associated Milk Producers can take pride in helping to increase the stature and strength of agriculture. You have put together muscle in the field of marketing. And you made a good decision last January to "let George do it" when you brought in George Mehren to be your general manager. His abilities and leadership will help you consolidate your strengths and find solutions to the complex problems that beset the dairy industry.

I learned recently that you have cut your home office expenses of AMPI from 13 cents per 100 pounds of milk down to 3.7 cents, without reducing or jeopardizing any programs affecting farm income. This is a remarkable achievement, and you are to be commended for it.

Policies aim at helping agriculture grow.

We have helped achieve a healthy turn-around for American agriculture. This has been done with new programs under the Agricultural Act of 1970, intensified efforts in research and marketing, record-high funding of programs for better living and increased income opportunities in rural America, and aggressive efforts to expand farm exports.

We are trying to create the best possible environment for agricultural success--and for profitable progress by dairymen. Within the framework of present statutes and sound judgment, we are providing all the help we can. We will continue to do so, and we hope that dairymen and all farmers and ranchers can make the best possible use of these tools.

That's what "market-oriented production" is all about. That's what's behind the set-aside plan for major commodities, and the new freedom farmers have to manage their own resources for best market opportunities. That's the objective of the milk marketing system and the dairy amendments in the 1970 Act.

These initiatives have helped substantially to improve the farm income situation. Farm income levels--total gross, total net, net per farm, and net per farmer--are all higher than ever before. Not high enough yet, but we have made real progress. Net farm income for the past four years will average 23 percent higher than during the previous eight years. Indeed, net income per farm will average 44 percent higher than during the previous eight years. And we won't be satisfied until the income of farm people at least equals the pay of non-farm people.

It's gratifying that this uptrend involves most milk producers. Dairy income is moving up. Strengthened prices will help push cash receipts for dairy farmers over the \$7 billion mark this year, for the first time in history.

Dairymen are working to make their advantages pay off.

Through action organizations such as AMPI, the dairy industry is striving to use effectively the various types of assistance provided by Government programs. Yours is a specialized industry which can use all the specialized help it can get. I wish the housewives of America were tuned in to this meeting today because I would like to tell them about the unique problems you have to contend with, day in and day out, in producing an abundance of milk.

It might be a good idea, as a matter of fact, for you to arrange to have consumer representatives, such as those ladies of the General Federation whom I addressed earlier in the week, come to meetings of this kind. It would be good if they could learn first hand of the problems AMPI deals with, and the tough job every dairy farmer has every day of the week, Sundays and holidays included.

We wish more consumers understood what that convenient carton of milk they buy represents in terms of your investment in high-cost equipment, that \$2,000 or so tied up in each cow, your thin returns on that investment, the years it takes to establish a going dairy operation, and your difficulties in marketing a highly perishable product. It's vital that consumers understand that there is no guarantee of plentiful, wholesome food for them and their children unless producers earn a fair return on their labor and investment.

That's why, as far as Earl Butz is concerned, the milk of human kindness will never go sour in my veins when it comes to working for the best interests of American dairymen. And that's why we are gratified to see your market strength increase as the general consumer income level improves and our Food Stamp and family food assistance programs make beneficial impact on the buying power of needy people.

As you know, milk prices are running well ahead of a year ago and are expected to continue about 3 percent higher than last year. Manufacturing milk prices have risen faster than prices for fluid milk, mostly because of a brisk demand for cheese. The latest reports from USDA and State reporting services show non-fat and skim milk sales up 12 percent over last year, and cheese sales close behind with a 10 percent increase.

Perhaps meat prices have prompted many households to seek other protein sources for their diets. Many families are now drinking more milk, consuming more cheese, and are getting an equally high-quality, nutritious, and balanced diet by putting more dairy products on the table than ever before.

Meanwhile, the inflow of dairy products from abroad has been reduced from 2.9 billion pounds milk equivalent in 1967 to 1.3 billion pounds in 1971-- a cut-back of more than 50 percent.

AMPI activities are a direct factor in increasing dairy sales.

Your efforts are helping stabilize the milk market in the largest surplus area in the Nation. I am mindful, for example, that while most people enjoyed the long, relaxing July 4 weekend, your milk marketing teams were busy moving milk. On that weekend alone, the AMPI offices in Chicago, Indianapolis, and Fon du Lac moved 320 tankers of surplus Grade A milk-- that would represent a 35-mile-long convoy. During the peak surplus season, AMPI can be counted on to make regular deliveries to manufacturing plants.

Your cooperation, your counsel, and your continued hard work are going to be needed in increased degree as the dairy industry seeks to cope with problems that lie ahead.

One of the more complex problems arises from the steady shift by Midwest Grade B producers to Grade A production. This is causing concern about the eventual usability of the Minnesota-Wisconsin price which is now used in Federal order pricing formulas and generally throughout the dairy industry as a barometer of milk values. Alternative pricing procedures are being developed and analyzed by the internal USDA advisory group, whose report is expected to be available around the end of the year.

Another major problem, of which you are well aware, arises from the intense competition of food producers for the American stomach. Groups are vying to displace each other, to persuade people to shift consumption instead of increasing consumption. Witness your competition with tea, coffee, and soft drinks.

The dairy industry is only one swallow away from a supply-consumption balance.

This past marketing year, the Government bought 6.6 billion pounds milk equivalent of your product. If consumption and supply had been in perfect balance, we would have bought zero pounds. Now a pint's a pound the world around, so Uncle Sam's purchases represented over 6 billion pints of milk. Each pint pours two glasses--so that's 12 billion-plus glasses.

One weekend when our two boys were home, Mrs. Butz and I performed a highly scientific experiment in our kitchen, to find out how many swallows there are in a glass of milk. She poured four glasses of cool, refreshing milk. Then we each counted the swallows as we drank. It averaged out to a little more than 6 swallows a glass. Now when you multiply 6 swallows times 12 billion-plus glasses of milk, you get roughly 73 billion swallows.

Now when you multiply 200 million people by 365 days, the product is 73 billion. So, if you of AMPI can only convince every American to drink just one more swallow of milk every day, you could completely eliminate the market excess in the milk supply.

I call on AMPI to continue to take the lead and show the way. We are encouraged by the response generated by the 1971 amendment to the Agricultural Marketing Agreement Act which authorizes promotional, educational, and research programs under Federal milk orders, as approved by producers. To date, 18 orders have adopted or are in the process of developing programs under this authority--and in 15 of them AMPI is the dominant cooperative.

This is the healthy direction that the dairy industry and our entire agricultural community should be taking--the direction of production for real markets. While we want farmers to get a decent return on their labor and investment, and while it is gratifying that public policy favors that objective, it would be a mistake to overlook the fact that about 25 percent of farm income in the United States derives from Government support.

If you or any other major segment of agriculture should reach the day when you rely on the kindness of Congress and Federal payments for a sizeable portion of your income--watch out! For when that day comes, that will be the day of return to tight controls; that will be the day when Government dominates the markets; that will be the day when boards of non-farmers, politicians, and bureaucrats will manage farming and not farmers themselves.

And that will be the day of artificial prices and diminishing sales for the greatest agricultural plant on earth. May that day never come! As we formulate farm policy, let us resolve that American agriculture shall move with vigor toward greater income from the marketplace, in the spirit of initiative and courage that makes America great.

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\$10 BILLION--WE CAN DO IT ... WE WILL DO IT!

In 1968, a young Californian went to Mexico City to participate in the Olympics. He didn't do so well. He was disappointed. America was disappointed. Not everyone knew how he felt--but American farmers did. Farm exports during that same period were on the skids. And farmers were suffering as a result. The future looked bleak indeed.

But things improved for that youngster from California. He learned some things. He discovered some weaknesses. And he set out to climb back up the ladder of excellence. He captured the secrets of discipline. He worked tirelessly. He went to Munich for the 1972 Olympics. And this time he carried the banner of America triumphantly into international competition--and Mark Spitz brought home for America seven gold medals and seven world records.

American agriculture also bounced back from near disaster in the world market four years ago. We too learned some lessons. We too admitted some mistakes. We too set out to recapture lost markets for American farmers. We too sought discipline--the discipline of the market. We too worked tirelessly. And in 1972 American farmers were also gold medal winners when United States farm exports exceeded \$8 billion dollars--an all-time record.

Our trade accomplishments must be considered in the broader context of easing world tensions and improving our international and diplomatic relations.

Address by Secretary of Agriculture Earl L. Butz at the "Building a Better Climate for Agricultural Exports" Conference of the Chamber of Commerce of the United States, Chicago, Illinois, September 21, 1972, 11:30 a.m., C.D.T.

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Let's not kid ourselves. While every farmer has his own particular economic interests at heart, he is also a U.S. citizen who shows great concern for the future of his country. That is why our foreign policy achievements are good for agriculture, maritime workers, and even more importantly, good for America.

Let's look at where we were and how far we have traveled.

President Nixon opened the way to the Peoples Republic of China in an act of great statesmanship. He did not forget our differences with the Chinese, but he was willing to discuss our differences.

Shortly, thereafter, the President traveled to Moscow on another historic occasion. For years, the great differences between our two systems have prevented the United States and the Soviet Union from pursuing their mutual interests.

In Moscow, the President and the Russian leadership signed some of the most important agreements ever struck between two great nations.

On July 8, an historic grain agreement--which I want to talk more about later--was signed. No one can dispute the benefits of a foreign policy which will put money in the pockets of the farmer because we know all too well that the farmer has never really gotten his fair share. Yet, what is really important to all Americans--to our wives and our children, for our institutions, and for our future--is that a truly peaceful future for mankind lies within our grasp.

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Our dramatic four-year recovery in farm exports was the result of determined effort and positive action:

1. In 1968, the soybeans were on a suicidal path. The support price of \$2.50 gave an incentive to competing oilseeds and protein sources. Some people were calling for production cut-backs and controls. Instead, the soybean price support was set at the market-stimulating level of \$2.25, removing the umbrella of price protection from the competitors of American soybean farmers. The Export Marketing Service was established to give a new thrust to overseas sales.

And what has happened? Soybean demand is up. Soybean prices are up. Soybean production is up. Income for soybean farmers is up. Soybean exports are up. In the process, Japan became America's first \$1 billion farm export customer--with soybeans representing a sizeable portion of that trade.

2. The Agricultural Act of 1970 laid the groundwork for an expanding agriculture and for farm export growth. Under prior farm programs, our farm exports were in trouble. I've already cited soybeans. Furthermore--the United States cotton industry had been seriously impaired, our wheat export market lay badly ruptured, and feed grain exports were nothing to get excited about. The Act of '70 set a new direction' in farm policy. It freed farmers from old restrictions and rigid controls. It was really voluntary. It sought to enable farmers to earn more income from the marketplace and to reduce income-dependence upon the Federal Treasury.

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The Act has succeeded. More farmers are participating in the farm program than ever before. The programs are working. Prices have improved. Farm income is at a record level--though still not high enough. And this progress has been possible because we have sought an expanding, market-oriented agriculture which is making possible three consecutive years of record farm exports.

3. In June of 1971, the President removed the requirement--dating back to the 1960's--that 50 percent of all United States wheat and feed grain exports to the Soviet Union and certain other Communist destinations had to be carried in United States ships. This action paved the way last November for the sale of \$150 million of United States feed grains to the Soviet Union.

Our historic 1972 sale of grain to Russia is perhaps the greatest American farm achievement of the Century.

On July 8, 1972, Russia agreed to purchase from the United States over a three-year period at least \$750 million worth of U.S. grown grains. To date, Russia has purchased from the United States more than \$1 billion of our wheat, soybeans and feed grains.

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Never--in my experience in public service, in farm policy, in politics, and in government--have I seen such a solid farm accomplishment, which clearly benefits so many, be so unfairly and inaccurately distorted by people who don't know any better, as well as by many who do. Perhaps no amount of effort will set the record straight. Nevertheless, as long as I am farmers' hired man on the Potomac and as long as it is my charge to speak up on farmers' behalf, I feel it my obligation to set forth the facts so that the American farmer will not become the innocent scapegoat of either political selfishness or public misunderstanding.

This historic sale is a tribute to this Nation and to American agriculture. The alternatives would have indeed been a disgrace:

- * It has increased the value of farmers' crops by nearly \$1 billion. The alternative would be less income in farmers' pockets.

- * The sales to Russia have reduced the total stocks of grain in this country--but there are still adequate supplies--and this has enhanced the prospect of stronger grain prices for farmers next year. The alternative would be larger surpluses, lower farm prices, and tighter controls on farmers.

- * The sales to Russia have reduced the cost to taxpayers so that the cost of the export payments on the sales to Russia are offset by dollar savings of about four to one. The cost of wheat in a loaf of bread has increased by an amount equivalent to only about one-half cent per loaf. The alternative would be higher government tax costs, with farmers getting less income.

* The sale was conducted by private traders, which is the American way of doing business. The alternative would be state monopoly trading with the government conducting our export business.

* The credit arrangements were negotiated and carried out by experts in the Department of Agriculture who were selected for their experience and knowledge of complicated international trade. The alternative would be to have our Department of Agriculture run by political hacks who have no expertise or acceptability in international trade negotiations.

* The sale of wheat to Russia was made by meeting world competition with the aid of export payments that have been used since 1949. The alternative would be to withdraw from exporting wheat or to let United States farmers compete individually against the government monopolies that conduct the wheat trade of other major exporting countries and can offer huge quantities of wheat at prices of their own choosing.

* The agreement with the Soviet Union was finally concluded when Russia agreed to our regular CCC three-year credit terms at 6-1/8 percent interest. This agreement came on July 8 after some U.S. farmers had sold their wheat. The Statistical Reporting Service of the Department of Agriculture estimates that by July 15 farmers had sold only 330 million bushels of new wheat out of a potential supply of 1,975 million bushels under farmers' control at the beginning of the season. The alternative would have been to try to induce the Russians to sign earlier by granting them terms

and conditions which would have been better than the terms available to our long-time, established world customers.

The benefits of the Russian grain sale are substantial--and the record is clear. We have worked hard. We have worked carefully. We have sought to provide for all concerned every measure of sound information and every avenue of proper assistance which was at our command. At the same time, we have sought to provide for no one concerned any measure of special treatment or privilege. I am convinced that no evidence exists to the contrary.

Furthermore, I am convinced that the farmers of this land understand what this magnificent accomplishment means to them. Farmers understand a 50¢ boost in wheat prices--and climbing corn and soybean prices on the eve of a harvest.

But we're not satisfied. President Nixon has challenged us to reach \$10 billion in farm exports. I, for one, have enthusiastically accepted that challenge. I am convinced that American agriculture can meet that challenge--and I am determined that American agriculture will meet that challenge.

Expanding farm exports are in the national interest. Without a doubt, food production is one of the great areas where the United States has a clear comparative advantage over other countries. We can produce food, sell it, and transport it to other countries for less than it would cost for them to produce it. Most other countries, clearly, are at a comparative disadvantage to us in food production. Farm export expansion then is clearly in our best interest.

When we place emphasis on those areas of production where we do have a comparative advantage, we stand to be in a stronger position to enhance our international balance of payments situation. Our \$8 billion farm export record provided a \$2 billion net contribution to U.S. balance of payments. Boosting our farm exports to \$10 billion would double that contribution.

Consumer-taxpayers would benefit from a \$10 billion farm export achievement because it would mean lower farm program costs and lower surplus storage costs. Labor would benefit because added trade means more jobs and more work. The economy would benefit because it would be further strengthened by this increase in business activity.

We will push as vigorously as we can to let farmers produce.

With the solid international comparative advantage which United States farmers have, there is no sound reason why farmers should not produce to benefit from that advantage.

Farmers prefer a situation where they can produce more. And if expanded trade enables us to maintain strong farm prices for greater total production--then there is every reason why we should seek added trade. It strengthens prices. It boosts farm income which is our chief goal. It reduces the exodus from the farm countryside--in fact, in the past four years as export markets have expanded we have cut back drastically the decline in farm numbers.

I'm really talking about an expanding agriculture rather than a shrinking agriculture--an expanding agriculture that will provide economic vitality for farm communities, the most important factor in sound rural development.

We will continue to depend upon the private sector of the American economy to conduct the export marketing of our farm products. This is the American way of doing business. The alternative of a state trading monopoly with the government conducting our export business is not acceptable--and we shall not turn to it. The grain trade, for instance, is one of the most fiercely competitive industries in this country. That competition benefits the farmer and the public.

As long as this fierce competition exists among the trading concerns, and as long as they perform satisfactorily, there is no reason whatsoever for the government to get involved in conducting grain export trade.

We must recognize that a legitimate profit for the grain trade is part of the export marketing process. If the government provided the service which the grain trade renders it would certainly be at a cost. In fact, I shudder to think of the cost if the government provided the service! So, when the private trade provides that service, they must be paid for their services. And, like every business, they deserve a legitimate profit when that service is performed well.

Profit is not a four letter word. Any man who feels that it is should stand up and say so because, in so doing, he will be condemning the enterprise system which remains the backbone of the economic life of this nation.

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We must continue efforts to expand farm trade and vigorously oppose policies or practices which would inhibit trade. Illinois Governor Richard B. Ogilvie has organized a special farm trade mission which leaves tomorrow for the Soviet Union under the leadership of Congressman Paul Findley. People-to-people efforts of this kind are essential if we are to continue to link the superb productive capacity of American farmers with the potential markets abroad. I wish this mission and others like it great success--you are doing your part to help us all reach our \$10 billion farm export goal.

On the other hand, if we expect to expand our farm trade, we cannot continue to maintain the bars of protectionism in this country for those types of production where the United States has comparative disadvantage. That is a fact we must face. I intend to vigorously oppose measures which tend to unjustifiably protect areas where we are at a comparative disadvantage when such protection would tend to hold back trade for American farmers who have such a decisive comparative advantage.

We must minimize unfounded political attacks which could jeopardize present and future export trade. Commercial and political relations between nations, especially great and powerful nations, depend heavily upon good will. Purely political harangue jeopardizes the attitude of the American people, the maritime workers, and the private grain traders toward commercial sales. Professional government workers cannot be expected to face a political inquisition every time a trade is made. Prospective appointees with experience, expertise, and integrity will refuse to serve in the Department of Agriculture if they must face character assassination when office seekers try to taint a major achievement. A \$10 billion export trade goal cannot be

reached without a calm atmosphere of genuine understanding of what such an historic achievement would mean for United States farmers, workers, taxpayers, and citizens.

Farm exports of \$10 billion are within reach. The market is there-- and we have the farmers to produce for it. We can do it, and ... we will do it!

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The Battle for Control

Farm Cooperatives have a special spot in my heart. I was raised on an Indiana farm and, when I went off to Purdue to school, my father was manager of our own Noble County Cooperative Association.

It was a farm supply cooperative. It belonged to the farmers who built it. It was "our" cooperative. I knew why it was put together. I knew what made it go. I could see and feel what it accomplished.

But, most important, I knew that our co-op was formed because there was a need. Farmers were plagued with unbearably high costs and disgustingly poor service. They were concerned. Some were mad. But, instead of just standing in the dust rolling a corn cob with their foot and wringing their hands, those Noble County farm co-op pioneers kicked the corn cob and joined hands and started raising a little dust as they went about the job of solving their problems with their own farm cooperative--for their own benefit.

I am confident that similar circumstances surrounded the birth of the FS System in county after county in these three productive farm states. And I know for a fact that your primary purpose for existing today--and thriving--is to solve your own problems, with your own farm cooperative, for your own benefit.

Address by Secretary of Agriculture Earl L. Butz at the FS Services, Inc., Annual Meeting, Chicago, Illinois, September 22, 1972, 10:30 a.m., C.D.T.

Your greatest challenge, however, lies ahead. The most critical battle of all is yet to be fought. It's the battle for control. Who will control farming in America? That's the question.

Some say it is not a critical question--that it's merely fodder for politicians, porridge for social crusaders, worry-work for professors, and copy for news commentators.

The issue has been blown out of proportion by politicians. There was much furor (as well as much error) raised on this issue during my confirmation hearings before the Senate last November--and much of that was political. The Family Farm Act which has been before the Congress--and which is in fact injurious to the cause it espouses--is also heavily political. Yet, behind both, there is a genuine concern on the part of farmers to keep control of their farms. Otherwise such political tomfoolery would have no appeal.

The issue has been sadly distorted by well-meaning but misinformed social crusaders. Consider the compassion expressed over the "lettuce boycott" with little or no understanding of the facts of the matter or the real issues. Rural poverty has been cited and regretted again and again--without due explanation of the fact that rural people and farm people are not necessarily one and the same. Yet, underlying this misguided and misinformed compassion is a genuine concern for farm people who do fear loss of control of farming.

The issue has probably been over-complicated by college professors and other intellectuals. Frightening computer printouts and statistical analyses paint a negative picture, and piles of journal articles elaborate on an endless variety of alternatives--many of which defy practical application. Yet, buried in the data and the studies are trends which raise legitimate questions about the control of farming down the road.

The issue has been badly distorted by the news commentators. A regular reading of the editorial commentary on United States wheat sales to Russia made by the Eastern Press is evidence of either a low level of economic and agricultural education or intellectual dishonesty. Yet, the fact that such inaccurate analysis falls, without question, on so many willing ears is evidence of a genuine concern which is ripe for exploitation.

And there are further indications: public and farmer support for lowering the farm program payment limit; concern for farm bargaining legislation to strengthen farmers' decision-making power; and the growth of farmer cooperatives and farm organization membership.

The question of who will control farming in America is the key issue which agriculture must face in this decade. To deal realistically with this question, we must acknowledge the most significant of the broad factors which have brought 'pressure to bear on agriculture.

1. The exploding technology of agriculture has significantly altered farming. Farms have grown larger and more specialized. Capital requirements have intensified. Land is more scarce. Management has become more difficult--and vastly more important. Technical knowhow must be much broader per dollar of investment in farming than for most other businesses. With each passing year, it is rarer and rarer to find the financial resources, the technological knowhow, and the managerial ability necessary for farming in one person. Individually and collectively, these factors are constantly changing the structure of farming.

2. The farm input industry has become more concentrated and more aggressive--placing added pressure on individual farmers. Changes in the nature of farming, as well as the pressures and the realities of the industrial world, have caused the firms which manufacture and sell farm inputs to change. Labor problems, government regulations, environmental concerns and similar pressures have all had an effect. Each firm has attempted to strengthen its position--and the need to counter that strength has placed added stress on the structure of farming throughout this country.

3. The changing habits and preferences of the American consumer, and the concurrent changes in the processing and marketing sectors of agriculture, have placed still greater pressures on farmers. The whole food system is undergoing abrupt change: more people are eating out; more at-home meals are prepared outside the home; more home-prepared meals are really factory-assisted; and housewives and consumers are more particular than ever. This has revolutionized food processing and marketing. Since the demands upon the food industry are different, the food industry is making different demands upon farmers. Farmers have turned away from products that pleased the farmer to products that please the consumer.

As a result of these changes, the stereotyped family farm is no more. Instead, agriculture is made up of many different types of operations with wide variations--in the products grown; in how much of the production and marketing process is included; in the overall volume; and in the combination of land, labor, capital, management and risk that is involved. This is where we are today.

Who should control farming in America? There is no question in my mind. Farmers should. You should--the men and women and families who are honest-to-goodness farm producers. Consider the alternatives:

Government control could take many forms, and certainly there are many dimensions or degrees of control. Government control could be complete--with confiscation of all property and all resources. If farming were to become a system of large, highly concentrated, corporate units, government action could go one step farther and take over effective control by making agriculture a public utility--privately owned and operated but government controlled.

Small, widely dispersed, one-family farms could become effectively government controlled if government farm programs so tightly control production and so completely determine farm income that individual farmers find themselves at the mercy of the government. Government domination of the marketing function of agriculture--in various forms or degrees--could, in effect, end up with a government controlled agriculture.

No matter what form--or what degree of that form--government control might take, one thing is certain. A government controlled agriculture would be dictated to by a consumer-oriented Congress.

Concentrated corporate control of agriculture could, likewise, appear in varying forms and with various extents of control.

Agriculture could become a system of very few, monstrously large, corporate concerns involved in farm production. These might--or might not--be integrated forward (into marketing and processing and merchandising) or backward (into input service and sales and distribution and manufacturing) or perhaps both. They might gain control quickly or gradually. They might quietly engulf the dispersed family operations we know today--or they might crowd them out.

On the other hand, concentrated corporate power might gain control through contracts for various segments of the farm enterprise while the farms themselves remain basically small, dispersed and under farmers' operation. Or even without contracts reaching out to control, if small farmers are forced to deal with monstrous and powerful concerns, on both the input side and on the market side, small farmers might find themselves so powerless to deal with the giants that the concentrated corporate power would obtain effective control.

In order to retain farmer control of farming--we must have an agriculture in which farmers may grow big enough to be technically efficient, strong enough to cut costs and maximize market returns, and profitable enough to make a good living. Such an agriculture involves more and more risk. As the risks increase, farmers look for ways to minimize that risk. And the only way to minimize risk is to give up some freedom somewhere along the line.

There seem to be three alternatives:

* Farmers could give up some freedom to the government-- but the various forms and degrees of government control of agriculture, I think, make that an unsatisfactory alternative down the road. Some freedom has already been given, but any more would seem unwise.

* Farmers could give up some freedom to concentrated corporate power--but the various alternatives of concentrated corporate control, I think, make that an unsatisfactory alternative. Some freedom has already gone this route--in some enterprises more than others--but any more would seem unwise.

* Farmers could give up some freedom to their own farm cooperatives and farm organizations. Because farm cooperatives and farm organizations are farmer owned, operated, controlled, and managed--here lies the best alternative for maintaining control of farming in the hands of farmers. Cooperatives may have their most important role still ahead. They might, in fact, be the mechanism through which farmers maintain control of farming. Even so, farm cooperatives and farm organizations will not be able to remain the most effective means of maintaining farmer control of farming without effort.

1. The opportunity--and the temptation--for government to control agriculture must be minimized. Notice, I don't speak about necessarily minimizing the government's role in agriculture--but I do feel, strongly, about minimizing government control of agriculture.

The Farm Act of 1970 moves in that direction--in the direction of making it possible for farmers to get more of their income from the marketplace and less of it directly from the government. This goal is being reached by working for an expanding agriculture rather than a shrinking agriculture. Our record-breaking exports are paving the way for an expanding agriculture.

An expanding agriculture will mean bringing more idle acres back into production; it will mean more income from the marketplace and less income dependence on the government; it will mean a reduction in the disappearance of farms; it will mean thriving, prosperous farm communities--the backbone of the solid rural development we all seek.

Consistent with this progress, the Farm Act of 1970 features voluntary provisions instead of mandatory controls and farmer leverage in the marketplace instead of government leverage in the marketplace.

2. We must carefully limit those policies and conditions in agriculture which are unnecessary inducements to largeness. We must not prevent the growth that is necessary to enable farmers to be efficient and to earn satisfactory incomes. On the other hand--we must be careful to avoid setting policy which would make it desirable for farms to grow--or for concentrated corporate power to move into farming--merely in order to take advantage of opportunities which are not provided for smaller farmers.

Tax systems, land use policies, and environmental quality standards--federal, state and local--all should receive careful scrutiny to prevent unwise advantages to largeness.

And our institutions serving agriculture--research, education, social, credit, and regulatory--must likewise be careful not to seek to serve largeness merely for ease or for largeness's sake. Solid economic and efficiency factors may induce largeness, but unwise and unfair policies should not.

3. Farmers must strengthen their muscle politically.

General farm organizations are one approach. Cooperatives are another. Farm Bureau is an example of both. Farm Bureau has been free from the blunders of political shortsightedness. You have recognized your vulnerability--and farmers' vulnerability--as a minority, important though you may be. You have seen clearly the futility of becoming dependent upon an increasingly urban Congress which could, in one quick rage of legislative arbitrariness, pull the rug completely out from under farmers. Likewise, you have maintained your bipartisan spirit. You are beholden to neither party. As a result, your favor is sought by both--and that multiplies your effectiveness. Through Farm Bureau, you have political muscle--but you must strengthen it even more.

4. You must use that political power to ensure the right kind of climate. You must seek the right kind of government farm programs, tax structure, and land use policies. You must seek sound and reasonable solutions to agricultural pollution problems. You must seek to maintain a strong, farmer-oriented Department of Agriculture. You must seek a continued favorable climate for the growth and effective functioning of cooperatives. You must seek sound bargaining legislation--and sound farm labor legislation.

5. You need to strengthen the ability of cooperatives to serve farmers. That's the theme of your annual meeting--responsible and responsive. You have been responsive and responsible--but it will be even more important down the road. In order for farmers to turn to their cooperatives--this one or other established ones or new ones--in order to retain control of agriculture, farmers must be convinced that it is their cooperative, that they have their chance to be heard, and that it offers them a greater dividend down the road. Most of all--you must convince every farmer you seek to serve that you are his strongest ally in the battle for control.

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WHAT'S YOUR CHOICE?

As the political pot boils ever hotter during these last months of an election year, people throughout America are bringing issues into sharper focus and are getting a clearer look at the choices they must make.

The temptation is strong to take this opportunity to make a political speech today, before this audience representing the executive leadership of the Chicago business community. But my aim really is to invite you to review some of the basic choices, some of the basic policy decisions, that confront not only the agricultural community but all the people of America as we look to the future of what we want our Nation to become.

Naturally, I'm prejudiced in favor of the Administration of which I am a part. You'll understand if I tilt a little toward the President. Yet with all sincerity I say that the choices which lie ahead, not only on Election Day but in the months and years following, are choices that go beyond and above partisan politics. They are choices of direction that merit the most careful, soul-searching consideration of every executive regardless of what party label he wears.

In as non-political a manner as possible, therefore, I should like to enumerate some of the choices which seem to be of paramount importance, from my vantage point as your Secretary of Agriculture.

Address by Secretary of Agriculture Earl L. Butz, Executive Club,
Chicago, Illinois, September 22, 1972, 1 P.M., CDT

Some of the choices that I shall mention relate to the significant and substantial changes taking place in agriculture. The dynamic new course being achieved for agriculture typifies in many respects the basic turn-around for the Nation as we move from a defense-oriented economy to peacetime production. The great question is, do we have the determination, the stamina, and the foresight to make this transition succeed, and to accept the commitments of responsibility bound to come with it? Do we as a Nation have what it takes to meet the social, health, welfare, cultural, and environmental needs of this last third of the 20th Century?

Bound up in the answers to those questions is a fundamental choice, in my judgment, which needs to be settled firmly. It is this:

Shall executive decisions affecting the well-being of our economy be made by business and industrial executives, or by Government executives?

I think I know how you would prefer to answer that question--and I agree with you. Ours is still a democracy; we still compete in a free enterprise environment. The profit system, giving incentive to initiative and aggressiveness, is the dynamo of America's strength.

Stated another way, this question is: Do you want Government to be your senior partner or your junior partner, your master or your servant? Most business executives, I feel sure, would prefer to have Government at their side instead of on their back.

Yet in order to prevent Government from playing a dominant rather than a subordinate role in our lives, it seems to me that we are going to need a higher degree of business statesmanship, and a greater amount of self-restraint, and a more forceful display of plain fortitude, than we have seen over the past 10 or 20 years.

Today the consumers in this country and all taxpayers are paying for the false prosperity of the 1960's. They are paying for the failure of management and the leaders of organized labor to hold the line on costs during those years. They are paying for profligate Government spending during a period when the tragic Southeast Asia conflict was being escalated.

We still have time--provided we all have the will and self-discipline--to tighten the halter on inflation, which was the legacy of those years. We know this can be done, because we are doing it. Inflation has been cut in half since 1969; and since the introduction of the New Economic Policy in August a year ago, real earnings of production workers have gone up 4 percent. This is increased buying power--the real proof.

And now the real test is, do we have the determination and courage to move away from controls to a self-regulating economy? I think we have. Now to turn to another critical choice:

Do we want foreign trade based on protectionism and high cost, or do we want trade efficiency?

Common sense makes the answer obvious--and agriculture offers one of the best examples of the potentials in trade based on production efficiency. Here in North America we are fortunate--unique in the world--in having the greatest contiguous land area that can be found anywhere, designed by nature for abundant grain production, with a favorable climate and water supply, and well capitalized for efficient grain operations. We have unequaled technology and know-how. What's more, we have the best kind of strategic reserve--some 70 million acres ready to be brought into production as necessary during the years ahead, when the world's population will be doubling and the diets of people in far-off places like Japan, China, and Russia will be improving, thereby increasing the demand for feed grains and proteins that we produce.

Common sense dictates that in view of all this, we must continue to strive for an open trading world, and we must strive to perfect our delivery systems. It's essential for farmers and city people alike to understand that for America to derive the most from its comparative advantage in the production of grain or any other product, a tremendous amount of teamwork and coordination will be required.

The wheat farmer in Kansas or Texas could not possibly negotiate a sale to the Soviet Union. He does not have the port facilities or ocean vessels for shipping his wheat. Few farmers have expert working knowledge of the intricacies of international marketing; still fewer have the time, talent, and expertise to handle sales with foreign buyers.

The farmer's business is production. He is the starting point in a complicated mechanism that includes truckers, railroads, elevator operators, farm cooperatives, exporters, maritime workers, and ship owners. All must function as a team if maximum benefits are to be realized from trade efficiency.

Traders and exporters comprise an essential part of the trade mechanism. They deserve a decent return for their contributions. I deplore and resent the slanderous insinuations heaped on them in connection with the wheat sales to Russia--just as I resent having the good name of the President and his top trade negotiators, including myself, impugned. Which reminds me of another crucial choice all U.S. citizens should be weighing:

Do you want professional executives in Government, or political hacks?

Businessmen such as you may agree with me that an article of "must" reading is Frederic Malek's perceptive discussion in the current issue of Harvard Business Review, entitled "Mr. Executive goes to Washington." He notes many of the reasons why businessmen run a poor third after lawyers and educators in terms of likely effective public service.

He speaks of the political quicksands that so often trap people from the business world who enter public service. He points out that in contrast to his counterpart in the private sector, the Government executive lives in a fishbowl and must expect to be exposed at any moment to the glare of publicity and notoriety.

In light of the underhanded and unfounded charges made against the Assistant Secretary of Agriculture for International Affairs and his predecessor, I imagine Mr. Malek would have had an apt illustration had he waited until now to write his Harvard Business Review article. The Government needs and values the kind of expertise that men of this caliber have brought to us from the grain trade. The Nation needs the acumen of a Secretary Peter Peterson, of a Secretary George Romney, of a Secretary John Volpe, of experienced business executives like Carroll Brunthaver and Clarence Palmby.

Otherwise, we resign ourselves to the incompetence of political hacks. As Mr. Malek says, a major challenge to this or any administration is to find and attract men and women who possess special dimensions--managerial superiority, sensitivity, flexibility, charisma and the ability to communicate; and the degree to which they succeed will have a powerful influence on the effectiveness of Government and, therefore, on the quality of life in these United States for decades to come.

That quality of living relates to another choice we need to make:

Do we want a food policy based on market-oriented production, or on Government domination of the marketplace?

Here again we are dealing with fundamental philosophy, not party labels. There are honest differences of opinion that cross political lines.

One body of opinion favors a "cheap food" policy, reinforced by price controls all the way from the farm gate to retail counter. Coupled with that policy would be a costly system of farm price supports, so massive as to approach the character of a welfare state before we're through. I'm sure you know my position on price controls and high price supports well enough to understand that I am not in that camp.

With regard to low-cost food or free food, we are carrying on an all-out and highly successful campaign against hunger, as you know. Farmers can well be proud of their contribution to this vast humanitarian effort to provide food to those who through no fault of their own are unable to pay for it. Once that has been done, people should pay a fair, full price for food, just as they do for automobiles, TV sets, and all the other necessities and luxuries of living.

I am for an agricultural policy that permits farm prices to find their rightful and reasonable market levels. I will continue to oppose putting a lid on farm prices and putting a lid on any farmer's opportunity to grow, especially in view of the magnificent job farmers have done to increase their productivity and efficiency for the benefit of all consumers.

In the past 15 years, the cost of food has increased 34 percent, well behind the 69 percent in costs of services, 80 percent in medical care costs, and a 44 percent rise in consumer prices of all kinds. In the past 15 years, the average percentage of take-home pay spent by the U.S. consumer for his family's food requirements has dropped from 21 percent to less than 16 percent, the lowest in the history of this or any other country on earth.

We continue to make gains like this because agriculture, by and large, still has the freedom to produce for free markets, not Government-controlled markets. That freedom was enhanced by the Agricultural Act of 1970, which abolished many of the controls for major commodities and gave farmers new leeway, under the set-aside plan, to produce for best market opportunities.

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These programs are working--and they are producing substantial results. More farmers are participating than ever before. Farmers are exercising greater managerial freedom than ever before. More U.S. farm products are being sold than ever before. Farm income levels--total gross, total net, net per farm, and net per farmer--are higher than ever before. And the future for farming looks brighter than ever before.

There are those who talk of giving farmers 90 percent of parity, but I can tell you what farmers would get: 100 percent of strict controls over their operations, and 100 percent Government domination of farm business. For good measure there would have to be increased interference by Government in much of the business of processing and marketing farm products. The choice, in the final analysis, is between restraint and contraction in agriculture versus a dynamic, expanding agriculture.

Many other important choices lie ahead, but I shall conclude with one more--one of utmost consequence to us all:

Do we want America to have a posture of international strength or of mediocrity?

It would be difficult indeed to find a more significant example of change than the sensational turn-around that is taking place in our international relationships. To me it is especially exciting because agriculture is so much involved.

The long Cold War, with its distrusts and antagonisms, is giving way to a new era of harmony. Who would have dreamed, even a year ago, that this new climate would exist today? That the President would have made his historic journeys to Peking and Moscow? That by now we would be selling vast amounts of grain and soybeans to the Soviet Union, with good prospects for expanding, long-term trade to that country and Mainland China?

In his Summit meetings the President spoke with strength, because behind him was the strength of American enterprise and the strength of an expanding agricultural system. That strength gives him the power to help design the architecture of international cooperation--the best kind of foundation for true, lasting peace.

Many American farmers, traders, and shippers are already seeing the tangible benefits of that kind of peace--their earnings are improving as the result of the sales to Russia. And the Russian people will also feel the benefits because they will be eating better as a result of the grain and protein feedstuffs we are selling them.

American farm commodities can be accurately said to be helping pave the way to peace. The events taking place in agricultural trade are but a prelude to the wholesome changes that can occur in a broad spectrum of mankind's activities--scientific, environmental, economic, and cultural--during the years immediately ahead.

Let this be our choice--to forge forward on the agricultural front, to move forward together on the entire national front, toward the President's goal of a generation of peace--not just for Americans, but for all the people of the world.

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This is more than the 100th birthday of a fine Georgia community. It is the celebration of 100 years of remarkable foresight now bearing fruits of reality--a century in the development of an agricultural idea.

Here in Tifton, Tift County, and the surrounding Coastal Plain area, you who have gathered for this occasion are paying tribute to a man who back in 1972 had a vision of what the New South could become. And you are contributing to making that vision real and visible and tangible.

Captain H. H. Tift had a prophetic sense. He foresaw what would grow from the foundations he laid, when he established his saw mill as this community's first industry and when he helped bring the city of Tifton into existence. He was looking far ahead when he contributed the land for the later establishment of both Abraham Baldwin Agricultural College and the Coastal Plain Experiment Station. He perceived the potentials in a soundly developed rural countryside--he saw the need for balanced growth--he recognized the role of research and experimentation in agricultural progress. He treasured the values of wholesome rural living, still so well exemplified in South Georgia to this day.

Address by Secretary of Agriculture Earl L. Butz at Centennial Celebration,
Tifton, Georgia, September 25, 1972, 12:30 P.M. EDT

Yes, we honor the memory of Captain Tift for all he accomplished and for all that his contributions signified. And we have good reason equally to pay homage to the unsung men and women of Tifton who carried on through the years, fulfilling his vision and making his hopes come true.

It took imagination and hard work to make these sandy lands of South Georgia produce their current abundance of tobacco, peanuts, corn, pecans, vegetables, soybeans, and livestock--to gain an eminence in agriculture which you are upholding and increasing.

Here in South Georgia you are demonstrating every day the importance of agricultural strength and agricultural progress to your State and to your Nation. You are proving that you know how to make best use of your land resources, and how to use your wealth of underground water for irrigation in support of the beneficence of the rain and friendly southern sun.

In addition to these blessings of nature, you have people who know that if you would have more, you must produce more. Rural people understand that. Every day of farm life teaches that it takes work to put a couple hundred pounds on a hog or get 100 bushels and more from an acre of land. Only those who work do that. Your approach is different from those who expect more for less, or who think the world owes them a living.

I think that if old Captain Tift could be with us today, he would be the first to make this anniversary an occasion of tribute to all whose efforts--in farming, in trade, in education, in rural living--have created here in the Tifton area one of America's outstanding agricultural communities.

The motto of your college, "A wholesome and satisfying life on the soil," well expresses your achievements. That objective underlies the work of the college and has carried through to the more than 150,000 farmers who have attended ABAC's agricultural short course programs since 1940.

I share your pride in the important work of the Experiment Station, now ranked among the world's leaders in tree, grass, and horticultural research. Through the regional nature of cooperative projects of the U.S. Department of Agriculture, research and testing going on here at Tifton provide information of benefit to farmers far beyond the Southeast and, indeed, beyond the continental United States.

As the result of your initiatives as farmers and your practical use of knowledge developed and disseminated by these institutions, you have an agricultural community that is dynamic--on the move--expanding. This is the kind of agricultural force which we in this Administration are doing our level best to achieve in America. We are working hard at it, and we and you are beginning to see encouraging results.

We want farmers and rural people to have the opportunity to grow--we won't be satisfied until the income of farm people at least equals the pay of city people. We want to see farmers manage their own affairs, for best market advantage. We want farm production geared to the true demands of markets, not to the Government loan. We've seen U.S. farm export records broken for three years in a row, and we aim to do better.

You who are farmers know how farm prices have improved; you know that the President has refused to let price controls be imposed on farm products; we are all aware of the successful efforts to put a halter on inflation, which has been cut in half since 1969. And as we approach the final quarter of the year, we have increasing evidences that farm income in 1972--gross, total net, net per farm, and income per farmer--will be higher than ever before. This is progress in the right direction, and we want to continue this improvement.

These are all encouraging signs. They are signs of greater strength for agriculture and of greater strength for rural America. President Nixon and the Administration are pushing the most intensive efforts ever undertaken to inject new vitality into the rural countryside. We want rural America to have its fair share of the Nation's future economic growth. We intend to widen the scope of opportunities--health, housing, educational, and recreational as well as economic--of all Americans in rural communities.

Once again, in this respect Tifton can make a significant contribution. With proper direction and sound goals, your Rural Development Center, the first in the Nation, would have a great potential for testing new ideas and new approaches. I commend all involved for the cooperation--the spirit of teamwork--that exists among the College, Experiment Station, and Rural Development Center.

You are setting a good example of getting things done by working together, an example for all Americans. The combined power of farmers, of industries that serve farmers or process farm commodities, those engaged in marketing, trading, and shipping--all together they represent a combined power of immeasurable value, provided it keeps moving ahead in the course which the President has set.

I have seen the effectiveness of the power of agriculture. In his historic Summit Meetings at Peking and Moscow, the President spoke with strength because behind him was the strength of American enterprise and the strength of an expanding agricultural system. That strength enables him to design the architecture of international cooperation--the best kind of foundation for an enduring peace.

Farmers of Tift County and farmers everywhere can justly be proud that they are adding to that strength. They can be proud that they are helping America to be the best fed Nation on earth--only in America can we enjoy our high level of eating so reasonably that we spend only 16 cents of every take-home dollar for our food, and only in this country is agriculture so strong and diversified that we can stage the greatest campaign in the history of mankind to wipe out the blight of poverty-caused hunger.

Yes, directly or indirectly the people of Tift County are helping U.S. farm production create a cornerstone of peace. We are all partners in the tremendous steps forward in the direction of the President's goal of a Generation of Peace--not just for Americans, but for all the people of the world. That's the kind of progress well worth celebrating as we mark Tifton's Centennial!

For A.M. Release, Monday, Sept. 25, 1972

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Director
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GREATER DIMENSIONS FOR AGRICULTURE

"There is a tide in the affairs of men," said Shakespeare, "which, taken at the flood, leads on to fortune."

Such a flood-tide is running strong for agriculture. I am sure that you and the companies you represent, comprising an integral part of America's agricultural strength, are well aware of the way the tide has turned in the past four years.

Basic policy changes incorporated into the Agricultural Act of 1970, the set-aside approach for major commodity programs, the record-high participation of farmers in those programs, the determined and successful efforts to gear farm production to expanding markets at home and abroad--all these factors are contributing to an upsurge for agriculture.

We must strive to keep the momentum going.

The upsurge has already resulted in record-breaking sales of U.S. farm products. It has been marked by record-high exports of farm commodities for three years in a row--not counting the most recent development, the huge, history-making sales of feed grains, wheat, and soybeans to the Soviet Union.

And of course, it's encouraging to note that the upsurge is also reflected in the highest income levels ever achieved by farmers. Total gross, total net, net per farm, and income per farmer--all are higher than ever before. We want to do even better--we won't be satisfied until the income of farm people reaches a level comparable to that of non-farm people.

Address by Secretary of Agriculture Earl L. Butz, National Agricultural Chemicals Association, White Sulphur Springs, West Virginia, October 2, 1972, 11 A.M. Local Zone Time.

This is why it is urgent that we work together with all the diligence and energy we can muster to keep the momentum going--to keep this upward surging tide at its crest. American agriculture, and with it, the total American economy, can move into an era of new growth and prosperity if we succeed.

Much of the long-term significance of the President's epochal journeys to Peking and Moscow, and the grain transactions that have followed in their wake, stems from the fact that great, populous countries across the oceans recognize our tremendous crop-producing capacity. In land resources, climate, technology, and capitalization, we possess a grain and protein producing capability unique in the world; a capability moreover, that can call some 70 million acres of reserve land back into production as necessary--a capability that can serve mankind's food needs for the indefinite future even though world population continues to increase.

By putting emphasis on those areas of production where we have this comparative advantage, and by aggressively opening up new markets, we can help assure a future growth for American farmers and for those who serve and supply farmers. All other Americans will stand to gain as well, because as we expand agricultural trade, we will contribute favorably and substantially to our international balance of payments situation. The record of more than \$8 billion in farm exports achieved in the fiscal year ended June 30 represented a \$2 billion net contribution to the U.S. payments balance. Boosting our farm exports to \$10 billion--the goal set by President Nixon--would strengthen that contribution. I'm confident we can do that, and do it ahead of schedule.

Consumer-taxpayers will benefit from a \$10 billion farm export level because it will mean lower farm program costs and lower storage costs. Labor will stand to benefit because increased trade means more work and more jobs. The general economy of the Nation will benefit because it will be further strengthened by the increase in business and industrial activity.

Many groups are helping farmers expand the dimensions of agriculture.

The turn-around that is taking place, and the build-up in the crest of the farm trade tide, are the result not of farmers' efforts alone, nor of the Government's efforts alone. Many different component parts make up our new-found agricultural strength. Each is making its essential contribution.

It all starts with the farmer and his production efforts, of course. But how effective would he be if it were not for the vital inputs your industry provides, to help the farmer in his annual war against the weeds, insects, nematodes, fungi, plant and animal disease organisms, and the host of other pests with which he must contend?

I only wish that more people could have a better understanding of the key role you play in the production of an abundant, wholesome, nutritious food supply. It might be a good idea for you once in a while to invite consumer panels, women's panels, environmental panels, or similar groups from the public to sit in on meetings such as this, so they can see and hear first-hand the kinds of matters you discuss--for their ultimate benefit.

The package of technology that you and other businesses are helping put together--fertilizer, pesticides, seed, and equipment--is what makes agriculture in America so far superior to the agriculture of any other country on earth. I speak of putting together the package of technology in the present tense, because despite the revolutionary progress that has occurred since the advent of power technology and crop hybridization, I am convinced that science can and must lead the way to greater productivity as our agricultural dimensions expand.

Modern agriculture in the United States operates from a scientific base--a base built on research, on inventiveness, on testing, on practical application of scientific findings--a base built over the years by scientists in your industry and other industries, by scientists of the Department of Agriculture and the cooperative Land Grant system--dedicated people in universities, State Experiment Stations, and private research centers.

For reasons perhaps politically inspired during this political year, certain people see fit to criticize the agricultural research community. They picture family farmers as victims of modern technology. Try telling that to a farmer--see what he says when you ask him to give up his tractor seat and take up the business end of a hoe. Try telling that to any serious farmer who's struggling to maximize his returns by getting the best yields from his land. See what he says when you suggest that he should go back to pulling weeds or picking the bugs off his beans by hand, as I had to do as a kid on our Indiana farm.

Many times I have told farmers that I aim to work for them as their hired hand on the Potomac. With equal force and sincerity, I shall always speak with pride and enthusiasm in behalf of the Land Grant system and cooperative extension service. I value its tremendous contributions to the efficiency and productivity of the American farmer. And let nobody forget that the net recipients of the farmer's accomplishments are the American consumers. The use of our total package of farm technology enables the wage-earner in this country to meet his family's food needs for less than 16 percent of his take-home pay. Never in history, and nowhere else in the world, do people eat so well for such a small part of their income as now.

Difficult problems remain to be solved as changes in farming continue.

As we face the challenge of expanding markets, and look ahead to a time within a few years from now when world population may be double what it is today, the agricultural scientific community will have new and greater tasks to perform. Problems will increase in complexity--and I am certain that there will be ever greater demands on the resources and initiatives of the agricultural chemicals industry.

Knowledge garnered from many years of development of integrated control of pests and disease for a wide variety of crops will have to be the basis for new research, new approaches, new production techniques. And efforts of this kind will have to be made in spite of a tightening up in the use of pesticides and herbicides. The new pesticide legislation now forthcoming from Congress serves notice that your responsibilities will be made more difficult to perform.

Nevertheless, the orientation of farm production to markets--under stimulus of the Agricultural Act of 1970--and the inducements for farmers to seek the greatest possible advantage from crop specialization will heighten rather than diminish your role as a part of the Nation's food production team. The growing emphasis on monoculture--aiming for maximum quality and efficiency from the production of single crops like corn, wheat, and soybeans--dramatizes the new tasks to be imposed on you. Just as monoculture evolves innovative approaches, scientists realize that concomitantly it poses unique pest control problems. Farmers still vividly remember their battles with the Hessian fly and the scourge of corn blight in 1970.

I never cease to be amazed at the tremendous problem-solving resources of agricultural science. Whenever a problem arises, a number of scientific disciplines can be brought to bear on the situation. The discussion and interchange of ideas has become commonplace in agriculture's problem-solving efforts. Volumes of information can be found on nearly every difficulty confronting a farmer as he strives for higher yields and better quality.

So heavily is farm science oriented to the solving of problems that the layman might conclude that only problems exist in the agricultural picture. Not so! True, we have problems a-plenty and will have more, but a multitude of problems already solved have resulted in benefits both for the farmer and society in the form of efficiency of production, ever greater yields, and higher product quality. All these bear directly, of course, on the improved quality of living in America. Benefits of this kind, which are accepted within agriculture as the normal result of the problem-solving effort, too often go unheralded outside our farms and ranches.

I say, never let agriculture retreat from the ground it has gained. Never let us retreat from our thrust for expansion of markets and earnings. Never let us retreat from the direction of gearing output to market opportunities. Never let us retreat to the false security of artificially fixed price supports and the system of mandatory controls that would come in their wake.

Furthermore, never let us retreat from the high ground of scientific progress, regardless of obstacles imposed by politicians and charlatans on one side, or by well-meaning but poorly informed do-gooders on the other.

Politics and emotionalism aside, however, the fact remains that agriculture's expanding dimensions will impose new environmental responsibilities.

We must take a common-sense approach to problems of preserving, protecting and improving the natural environment.

In today's world, people constantly offset risk against benefit. We never completely insure our car against all hazards, our dwelling against total loss, our life for what it is really worth, or our health against every potential calamity. In practically every aspect of our activity we take some chance. We are constantly trying to evolve a risk-benefit ratio which satisfies each of us, and which each of us can afford. Otherwise, should we ever attain that ideal state when we are perfectly safe and our environment thoroughly sanitized we may end up with little left to enjoy!

That phrase, "which each of us can afford," is the key. Do people really understand the costs involved in curtailing the use of farm chemicals? Do they realize that we simply cannot feed, even at subsistence levels, our 208 million Americans without a large production input of chemical technology?

Some advocate a retreat to organic farming. We know how to do that. We once farmed that way, 50 years ago. But before we move in that direction, somebody has to decide which 50 millions of our people will go hungry.

One of our problems today is that two-thirds of living Americans never had the experience of biting into a wormy apple, seeing the worm hole, and wondering, "Did I eat that worm or is he still in the apple?" Many people have never heard the old riddle, "What's worse than a worm in an apple? Answer: Half a worm." They have to think twice before they catch the punchline, because they think that God and nature made all apples good.

The plain truth is, of course, that the ecology of nature is pretty severe on man, and man is constantly trying to modify it. Let's be honest. God put the worm in the apple; man took it out. God put the cockroach in the cracker barrel; man took it out. God put the potato bug on the potato; man took it off. God put the termite in the timber; man took it out. God put the malaria-laden mosquito in the backyard; man took it out.

Let's face the fact that nature is her own worst despoiler. Nature's God sends the bolts that ignite ravaging forest fires; nature generates the decay that causes trees to fall into streams and block channels; the God of nature put the gypsy moth into vast woodland areas and we are paying incalculable costs for failing to curb the devastation of that pest.

Let people recognize that the prudent use of chemical pesticides gives us a potent and valuable weapon in the war against environmental pollution. Chemical pesticides fight a vast spectrum of polluters, ranging from pests in farm fields and weeds that load the air with pollen to algae in water and vermin in dwellings.

In the end, the environmental issue comes down to the question, do we let the howl of the coyote grow louder through the Plains, and the munching of weevils rob us of food and fiber--or do we want a greater abundance of sirloin steaks and cotton and grain and lumber?

It is imperative that we strike the best possible cost balance, and the best possible risk-benefit ratio, as we increase agriculture's dimensions. Reason, common sense, and understanding will enable us to do so--and will enable farmers to ride high on the surging tide of agriculture.

For P.M. Release, Monday, Oct. 2, 1972

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RURAL AMERICA: WHERE IT'S HEADED

The country bank has long been a sturdy part of rural America. The great success story of the American farmer--no matter how it's written--must include a thick chapter on the role of the farmer's banker.

Rural America has come alive in a new way. Rural America stands before the banking industry as a significant challenge: Will you have the leadership and the wisdom to serve the needs of Rural America in the years ahead? Take a look at Rural America and where it is headed:

- * Rural America is, more than ever, an alternative to urban life.

The crowding, confusion, breakdown in services, pollution, crime, decay and disorder of our cities--and the despair which many people feel with regard to doing anything about those problems--make Rural America increasingly a serious alternative place to live. Fewer rural people are getting excited about going to the city, and more urban people seek the chance to get out. Farmers, bankers, politicians, civic leaders--all who have ties to Rural America--must not ignore this fact.

Address by Secretary of Agriculture Earl L. Butz at the Annual Convention of the American Bankers Association, Dallas, Texas, October 10, 1972, 10:30 A.M., CDT

* Farming is--and will continue to be--a growth industry.

We're headed in the direction of an expanding agriculture--not a shrinking agriculture. We are becoming more prosperous as a Nation. As a result we seek to live better--which means we intend to eat better. The furor over meat prices last spring and summer was really a clash between exploding consumer demand for that preferred food--beef--and the biological facts of nature which stand in the way of our being able to instantly supply more beef to meet that demand. Prices went up. The message: Americans want to eat better.

Society has decided that no person is going to go hungry. Congressional appropriations reflect that decision. Our welfare programs--and certainly the Food Stamp and Food Distribution programs of the Department of Agriculture--are further proof. That decision--now and in the future--will indeed be a contributing factor to an expanding agriculture.

More than ever, the market for which American farmers produce is the world. Farm exports for Fiscal Year 1972 hit a record \$8 billion. We are on our way to an export record for the third year in a row. Our historic grain sales to Russia, which have been front page news in every newspaper in the country, are not a one-shot deal. It's merely the explosive beginning of a decidedly larger international market down the road for the produce of America's farmers. And the chief reason is that our farmers are in a position of significant comparative advantage with the rest of the world in food production.

* Farming will become increasingly market-oriented.

American agriculture turned the corner when the Farm Act of 1970 was passed. It was heading in the direction of a Government-oriented agriculture, and it has now advanced more strongly toward sound market orientation. Don't misunderstand. The Government will continue to play a significant role in agriculture--but that role will become increasingly one of serving farming rather than one of dominating farming.

* Farmers will assert themselves in the battle for control of agriculture. Probably the most important single farm issue in the decade of the 1970's is who will control farming. The issue isn't as hot and emotional as some politicians and some social crusaders and some professors and some writers would lead us to believe. But it's real. The changes which have come to farming--on the input side of farming and on the marketing side as well--have put intense pressures on the man on the farm.

The risks he must take keep mounting, and he seeks ways to reduce those risks. He must consider where to give up some of his independence. The Government is one alternative--but every farmer feels the consumer orientation of the Congress, so the Government is not an acceptable alternative. Concentrated corporate agriculture provides another alternative--but that alternative as a reasonable, long-term solution is really a dead end.

The only real alternative farmers have is to jump into the battle for control, with their own organizations and cooperatives, and assert themselves in groups to compete for their share of the action. And they will.

- * Rural America will still be a way of life--but it will be a different way of life and a better way of life. Rural America will be affected by becoming a "real alternative" to urban life, by an expanding agriculture, by farming becoming increasingly market-oriented, by farmers asserting themselves in the battle for control, and by the revolution in eating habits. Rural Development is no longer a political slogan--it's a process which has begun. It is destined to succeed. How soon, how well, and by whom, are the only questions.

In one way or another, the banking industry has been very much a part of nearly every step taken in this country in the direction of progress. You have cleared the path in some cases. You have taken the first step in others. In some instances you have been reluctant. In others you have been nearly the last to climb aboard. And I'm sure you have drug your feet on occasion.

Where will you be when Rural Development is accomplished? You have been very much a part of the financing of land in farming. You have made possible much of the technological revolution which keeps farming moving ahead. You have financed the rapidly changing marketing structure of agriculture. You were wise to play the aggressive role you have played--it's been good business for you, farmers have benefitted, rural communities have remained sound as a result, and the people Rural America have turned out are a monument to your wisdom.

The banking industry has a decision to make. It's this: Will you move aggressively into Rural America, will you provide leadership for financing Rural Development, and will you make wise executive decisions--or will you renege on your opportunity and let the Government step in and play the dominant role in the financing of Rural Development?

As Government has become a bigger and bigger factor in our lives--like it or not--one thing has become clear. He who shouts loudly against the wisdom of Government decision-making had better be geared up to make some sound decisions that will lead to progress. Do you as one of our great industries have the determination, the stamina, and the foresight to accept the challenge ahead? I am optimistic you will answer that question with a resounding yes.

An expanding, market-oriented farm economy will demand wiser and more intensive utilization of capital.

Many of the institutions of Rural America which have developed to serve farmers find it harder and harder each day to adequately serve the needs of farmers. The Cooperative Extension Service is a case in point; education in agriculture is another. Serving farmers is an increasingly complex task.

To serve farmers adequately, the entire banking industry will be hard pressed to keep abreast. In the past, you have helped guide much of the progress in farming--in farm records, financial planning, and analysis, and farm management especially. But the American farmer of necessity will grow more and more skilled as a manager of, and negotiator for, the extensive capital resources he will need. He will be more particular and more demanding. And he will expect the banking industry to be aware of that fact and ready to service his needs.

As farmers assert themselves in the battle for control of farming, they will seek financing from the capital sources ready to fill their needs.

If farmers seek to escape Government control of farming--it is doubtful if farmers will look heavily toward the Government for the financial resources necessary to strengthen the muscle of farm organizations and cooperatives. And if farmers, likewise, seek to escape concentrated corporate control of farming--farmers will not look to corporate industry for their financial needs. Farmers' best bet for independence from Government and from concentrated corporate power is a forward-looking, understanding banking industry ready to serve farmers as they assert themselves.

Farmers are talking of super-cooperatives to market grain internationally. If they are to succeed, it will take capital. Are you ready to provide it? Will you be sufficiently in step with the pace farm leaders are setting to be ready to serve the needs of such a venture?

Farmer bargaining is a reality--only its structure and its form and the guidelines for its extensiveness remain to be determined. Successful farm bargaining will demand soundly financed bargaining organizations. Are you ready to meet that challenge?

These are but two examples. There are many others. Farmers are determined to maintain control of farming. I stand firmly with them. I'm prodding them on. Farm leadership will look to you first for sound capital resources. They may only knock once--before they seek someone else whom they can count on.

Rural Development is not a not-for-profit venture.

Unfortunately, Rural Development has earned a reputation in some circles as the ultimate in Government boondoggling. Perhaps that reputation at one time had some basis in fact. If so, that day is gone.

Rural Development has come of age. The Congress, farm leaders, rural community officials, industry spokesmen, and urban people agree that Rural Development is imminent. The race now is to determine who will accomplish Rural Development and how wisely it will be accomplished.

Government will not develop Rural America. People will do that--hopefully rural people, and selfishly I hope that farm people have a heavy share of the influence. Farm people, after all, still consider Rural America their domain--and rightfully so. A farmer has no real choice as to where he'll live and work--it's in Rural America. And farmers perhaps have the most at stake in sound Rural Development.

Not every community can become a hub of Rural Development. Not every crossroads will be able to have its own local industry. Not every wide spot in the road will be able to have its own telephone exchange and its own water system.

But, with sound planning and aggressive action, every Rural Community should be within reach of Rural Development efforts which will pay their own way. It will be profitable for light manufacturing or for tourist and recreational industry to locate in Rural America--or industry won't go there. It may be a new venture for business and for bankers, but the profit potential is there. It's up to you to go out and get it.

Rural Development is not an effort to encourage economically unsound growth in Rural America. Rural America does recognize the inevitable tendency of people to bring work to their homes in Rural America instead of packing up and moving to already crowded urban areas where work is concentrated. Rural Development does recognize that many people prefer life in the country. As a result, Rural Development is a concerted effort to facilitate this change, soundly and economically, while we can still build Rural America and ease urban strain and before we are forced to rebuild Rural America and our devastated cities as well.

Government programs will undergird your efforts--or trample over them. It's up to you.

The Rural Development Act of 1972--signed into law by President Nixon only weeks ago--gives the Federal Government its clearest mandate yet to move ahead in Rural Development.

New programs, new funds, new expertise, and new leadership will be available. Many details are yet to be worked out--but one of the most troublesome is the area of finance. What shall be the role of the United States Department of Agriculture in the financing of Rural Development programs?

It has been the philosophy of this Administration to move the power back toward the people--and I am in complete accord. I firmly believe in the need for Rural Development, in the ability of rural people to accomplish Rural Development, and in the profit potential in sound Rural Development.

Further, I believe in the banking industry of this great Land. I believe you are smart enough and aggressive enough to decide wisely to meet the capital needs of Rural Development. And it's my conviction, then, that the Government can perform its more proper function by providing the credit guarantees necessary to encourage the banks to move ahead in this new venture. It's your business to lend money--and you should do that. The Government more appropriately should serve to minimize the extra risk you may have to take to pioneer in financing Rural Development.

I never saw a banker yet who didn't have a keen eye for opportunity--and Rural Development is ripening day by day. I am confident that the banking industry will be true to its performance in the past and move out aggressively to see that sound Rural Development becomes a reality.

For P.M. Release, Tuesday, Oct. 10, 1972

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MANAGEMENT CHALLENGES IN AGRICULTURE

The single most important mission I received from President Nixon when he appointed me Secretary of Agriculture was to work at raising the income of rural people.

We're making progress in that task. The combined effects of many programs and the efforts of many people, including the President himself and including farmers throughout the land who are making the new programs succeed--these are bringing encouraging results. This has been a year of solid improvement, and we can look forward to more progress in the years ahead.

When the final figures are totaled, net farm income in 1972 will amount to around \$18.6 billion, about \$2-1/2 billion more than last year. Total gross income, net per farm, and income per farmer also are higher than ever before. This is the kind of progress we want to see. And we won't be satisfied until farmers realize returns on their labor, capital, and risk which are at least on a par with the income of non-farm people.

Prospects for most farmers are brighter than they have been in many years. Markets are expanding as new export records are set. Sales are increasing. Farm price levels are higher--the average level of farm prices today is 23 percent above 1968. And efforts to cut down the rate of inflation are succeeding, helping to ease the cost-price bind that farmers have been in for so long.

Address by Secretary of Agriculture Earl L. Butz at Dairylea Annual Meeting, Rochester, New York, October 11, 1972, 7:00 P.M., Local Zone Time

We must work together to keep the forward momentum going.

Across the board, almost without exception, America's farm economy is expanding dynamically. Not only in agricultural activity itself, but in the initiatives and intensified efforts to inject new spark in the rural countryside. Loans and grants of one agency alone, the Farmers Home Administration, have tripled since 1969 to a Fiscal '73 level of well over \$3 billion for better rural housing, community services, and job-creating economic developments.

The dairy industry is taking part in this general rural upturn, as I'm sure most DairyLea members are aware. Milk prices are somewhat stronger. Through August, prices received by farmers averaged \$5.90 a hundredweight. By the time the year has ended, the 1972 national average could be in the neighborhood of \$6 or better, compared with the 1971 average of \$5.87.

From last January through July, milk and cream marketings grossed farmers around \$4.2 billion. That was a 4.5 percent increase over the corresponding months of 1971. For the year as a whole, farmers' cash receipts are expected to hit \$7.1 billion.

The big question is, have we got what it takes to keep the forward momentum going. Are we smart enough, and courageous enough, to make the most of the opportunities and capabilities that we have? The potentials for agricultural growth are enormous. We know the President's goal of \$10 billion in farm exports can be achieved. We know there are huge markets waiting to be developed abroad. We know that for years to come the population of this country, and the population of the world, will continue to expand. We know that research and man's ingenuity will lead the way to greater farm effectiveness if we have the will and determination and incentive.

USDA 3335-72

Much of the answer to how far we can advance depends on improving our managerial proficiency.

In this time of agricultural growth and change, increasing premiums are being put on managerial expertise. Dairy farmers know that. I believe it would be quite accurate to say that dairymen could be called the original businessmen-farmers.

You people, here in New York State, and your colleagues and forebears in the Northeast, were the first to become agricultural specialists. You know what it means to manage high-cost investments in livestock, equipment, and support operations.

You also know how important it is to draw on your best managerial talents when adversity hits unexpectedly, as it has during this past year. I am well aware of the disastrous effects of the wet spring on your hay and feed crops--the losses that came with a hot, dry summer--and the tragic set-backs caused by the rain and flooding of Tropical Storm Agnes.

We are trying to help you all we can out of Washington. Last week the Department of Agriculture added 16 more New York counties to the number--now totaling 28--where Government-owned feed grain is being made available at reduced prices. This assistance will help eligible farmers maintain their foundation herds and other eligible livestock. At the same time, emergency conservation assistance amounting to some \$4 million has been allocated to the State ASC Committee for use in 26 counties, and nearly another \$3 million has been approved in FHA emergency loans to New York farmers.

Even under the best of circumstances--without Agnes, and without the tough winter many of you face--the dairyman who makes a successful go of it has to possess an above-average ability as a businessman. And this is becoming increasingly true in all aspects of agriculture.

Increased farm specialization will require greater managerial finesse.

One of the key factors in the agricultural up-turn is the decision-making freedom many farmers derive from the Agricultural Act of 1970. The set-aside plan did away with many controls and encourages producers to specialize as never before. They are seizing opportunities to take best advantage of ways to improve efficiency and maximize returns on farm inputs.

These are healthy changes in the direction of market-oriented production. We can expect shifts in cropping patterns to accelerate. We can expect to see farmers keep on the alert to technical improvements and new approaches. We can expect farmer-businessmen to become more adept in their use of credit--indeed, the individual's managerial ability may well be one of the important criteria determining his access to financing. With every passing day and week, managerial skill is bound to increase in importance on the farms of America.

Dairymen know how important it is for any farmer to work with a sharp pencil as well as a sharp plow. You understand the necessity of trimming costs and avoiding duplicated and wasted effort. You are well aware of the management expertise required, far beyond the feeding and milking of your cows seven days each week, in order to have black ink for your balance sheet.

And yet, the individual farmer's managerial ability will take him only so far on the road to success. As you well know, you come to a point, whether in buying or marketing, where your best judgment and managerial skill will not suffice. That's where cooperative action comes in--as Dairyalea and its famous predecessor organization proved many years ago. Ideally, the success of any farmer cooperative will be measured in terms of how it increases the dimensions of good management for the benefit of its member-owners.

USDA 3335-72

Organizations, like farmers, can improve their managerial capabilities.

To have black ink at the end of the year, you must exercise every ounce of energy, good judgment, imagination, resourcefulness, and management skill you can muster. The same goes for your cooperative organization.

These times of change are putting new emphasis on management proficiency at the organization level. No farmer cooperative can afford a management that's satisfied with the status quo--that indulges in duplicated efforts--that fails to keep flexible and in step with developments. This is particularly true in marketing, because it's in that vital area of meeting the needs of consumers that profits are largely determined.

Cooperatives seeking to modernize their management structure have real benefit potentials for the American consumer--in terms of product convenience and wholesomeness, and for the dairy farmer--in terms of both stability and greater industrial activity. We in Washington are carefully analyzing the role of those organizations and what they have to offer. Their objectives are in line with our basic Administration policy of market-oriented production, and our goal of a dynamic, expanding agriculture.

Profit must be the prime goal of skilled organization management.

In the American system, profit is a perfectly legitimate goal. The profit motive, in a free-enterprise, competitive economy, is the strongest incentive ever devised for excellence, for innovation, for risk taking, for growth, and for service.

Sometimes competition is so intense, costs so high, or prices so low, that profits are difficult to come by. Nevertheless, profits create the driving force behind a farmer cooperative, as with any other business organization.

Management is the key to profit success. As we confront the future and try to keep in step with the future, let's use the four M's of Management: Management is the process of manipulating materials, men, and markets to make money. They all add up to management, which is another M of production input.

In this computerized age of economic analysis, management itself is changing from an art to a science. Precision tools for decision-making are increasingly available for top management, just as they have been for some time on the production assembly line. The success of tomorrow's farmer business organization will hinge in large part on the extent to which management can shift to a scientific basis. Management must stop playing its hunches and begin playing the computer. Fancy must give way to fact.

The job of management is to put together materials, men, and markets in such a way as to minimize costs and maximize profits--and at the same time provide adequate and growing service for the agricultural community. This means keeping in tune with research and development in materials and methods. It means training for manpower development and leadership development--we must train our management people to think as well as to work.

Profit-oriented management will be on the alert for ways to capitalize on basic changes in consumer tastes and purchasing patterns. If changing consumption patterns are as inevitable as they appear at the moment, the skillful manager will alter his product line and his basket of services to cater to Mrs. Consumer. She remains Queen of the Marketplace.

The most successful management will emphasize product promotion.

Can management do the job of manipulating materials, men, and markets to make money? The answer is yes--for that management which has the vision to see the opportunity, to keep abreast of science and technology, and has the courage to act on the basis of the best scientific information which will be available. Perhaps the greatest danger of all as agriculture comes to grip with tomorrow's problems is that management itself will let the intellectual concrete set too hard and too early.

There's danger ahead if the dairy industry preoccupies itself with pushing volume sales at unsound prices--like the small-town hardware man who bought several gross of hammers at a dollar each and sold them for 90 cents, claiming he would "make it up" in volume. The sounder course, which will benefit consumers and producers alike, is to win greater product acceptance by pushing an intelligent, aggressive promotional effort. Hard-hitting facts on the outstanding nutritional qualities of milk and milk products will serve you well in your competition for the American stomach.

The dairy industry is only a swallow away from a supply-consumption balance.

This past marketing year, the Government bought 6.6 billion pounds milk equivalent of your product. That represented something over 6 billion pints, since a pint's a pound the world around. Each pint pours two glasses--so that's 12 billion-plus glasses.

One weekend when our two boys were home, Mrs. Butz and I performed a kitchen experiment. It was a highly scientific investigation to find out how many swallows there are in a glass of milk. She poured four glasses, then we each counted the swallows as we drank. It averaged out to a little more than 6 swallows a glass. Now when you multiply 6 swallows times 12 billion-plus glasses of milk, you get roughly 73 billion swallows.

Multiply 200 million people by 365 days, the product is 73 billion. That means that if the dairy industry can only convince every American to drink just one swallow of milk a day, the excess "cushion" in the milk supply would be eliminated.

Your industry would do well to examine all the possibilities offered by the 1971 amendment to the Agricultural Marketing Agreement Act, which authorizes promotional, educational, and research programs under Federal milk orders. To date, 18 orders have adopted or are in process of developing programs under this authority.

This is one way of aiming production at real markets--the direction that dairymen and our entire agricultural community should be taking. While we want farmers to get a fair return on their labor and investment, and while it is encouraging that public policy favors that objective, we must not overlook the fact that today about 25 percent of total farm income in America derives from Government support.

If the time ever comes when farmers must rely on the kindness of Congress for a major portion of their income--watch out! That will be the day of return to tight controls, when Government dominates the marketplaces, and when boards of non-farmers and bureaucrats will manage farming instead of farmers themselves.

And that would be the day of artificial prices and diminishing sales for the greatest agricultural plant on earth, a day when skillful, independent management would have to take a back seat and let Uncle do the driving. May that day never come!

As we look ahead and consider the formulation of farm policy for the future, let us strive to make common-sense decisions. Let us resolve that American agriculture shall move vigorously toward greater income from the marketplace, in the spirit of initiative, courage, and self-reliance that brought greatness to our Nation--and with so much hope and promise for the future!

For A.M. Release, Oct. 12, 1972

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USDA 3335-72

U.S. DEPT. OF AGRICULTURE
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U.S. DEPT. OF AGRICULTURE
NATIONAL ACADEMY OF SCIENCES

YOUR FUTURE IS LOOKING UPWARD

Last summer, the Department of Agriculture was honored to host the National Officers and many State Officers of the Future Farmers of America at a real give-and-take question and answer session in Washington. Your President Tim Burke had the ball. Tim, along with several other Officers, fired tough questions at several of our top staff. They were challenging questions. They weren't easy.

Those questions gave me great confidence in the Future Farmers of America and in your quest to grab firmly the reins of American agriculture.

The wisdom represented in that leadership group, and this sea of thousands of world famous blue and gold corduroy jackets before me today, make it clear that we have not been encumbered in farming and in agriculture by the generation gap which undermined so much of our society in the decade of the Sixties. I guess there has always been so much work to do on the farm that there has never been much time left for that gap to develop or widen. That's why farm youth have maintained such an evident sense of direction and purpose.

You are always much more ready than your contemporaries to step with confidence into a career in agriculture which eagerly awaits what you can contribute to it. You are somewhat immune to the mental loafing which characterizes too much of society today. You are close enough to the soil that you understand what productivity is all about--that if you would have more, you must produce more. You know that it's one thing to have idealism--that it's another to work to make your idealism effective.

Address by Secretary of Agriculture Earl L. Butz at the National Convention of the Future Farmers of America, Kansas City, Missouri, October 12, 1972, 3:15 P.M.

And never in the history of mankind has the ability you have to offer been in greater demand or faced greater challenge.

The future of farming is looking upward.

The opportunities for a young person entering farming have never been brighter. Farm income is up--breaking all records this year--total, net, per farm, and per capita. Net farm income will reach \$18.6 billion this year--finally breaking the record set 25 years ago. The average income of farm people is coming closer to the average income of non-farm people--it will be 80 percent of the non-farm income this year. It still has a way to go, but it's vastly better than the 67 percent average of the 1960's. What that means is that, as farm income improves, farming becomes a better potential career for you.

The decline in farm numbers has been cut more than half to 45,000 per year, down from the 113,000 farms lost per year during the 1960's. The average age of our farmers is 52 years of age, and that's too old for an average. We're about 10 years behind in manning our farms. And you are the people who must man them. The fact that we've cut in half the number of farms lost each year means there is added opportunity for you if you want to farm.

We learned some things in the past when we had a farm policy geared to high support prices and rigid production controls. We nearly priced ourselves out of the world market and we demoralized the farm community at home. But we have made improvements and we have turned the corner. The Farm Act of 1970 sets forth clearly that we were headed for an expanding agriculture--not a shrinking agriculture; voluntary programs--not rigid, mandatory controls; market-oriented farming--not government-dominated farming; farm muscle in the marketplace--not government power over the marketplace.

Farm exports are the secret to that expanding agriculture and your hope for a place in farming tomorrow. Farm exports will shatter all records for the third year in a row--1970, 1971, 1972. The record \$8.0 billion in farm exports set in fiscal year 1972 was about 40 percent higher than in fiscal year 1969. Our sizeable grain sales to Russia--wheat and corn and soybeans--will give us a strong push toward our goal of \$10 billion in farm exports annually. It's one thing to talk about strengthening farm prices, raising farm income, easing government controls, slowing the loss in farm numbers--but record exports are making an expanding agriculture a reality, and in your case a solid foundation for building a future. Not only is this in your best interest economically, it is a solid step toward more international trade and peace.

You are entering a career during the most critical farm debate of the Century: Who will control agriculture?

I believe in a free agriculture where family farmers earn in the marketplace a return for their investment, their management skill, their efforts, and their risk which is commensurate with the return those inputs would earn elsewhere in our economy.

But it will take a strong effort on your part and wisdom to maintain such a free agriculture. The changes which have come to farming--on the input side and on the marketing side--have put intense pressures on the man on the farm.

The risks a farmer must take are mounting. He seeks ways to reduce those risks, and the trade-off is giving up some independence. The government is one alternative--but every farmer sees the increasing consumer orientation of the Congress, so government is not an acceptable alternative. Concentrated corporate agriculture provides another alternative--but that alternative as a reasonable, long-term solution is really a dead end for the family farmer.

There is a sound alternative--and that is for farmers to jump into the battle for control, with their own organizations and cooperatives, and assert themselves in groups to compete for their share of the action. And that's where you come in. If farmers are to win the battle for control--it will take leadership. It will take farm leaders even better trained, even more tenacious, and even more persistent than the ones we have today. And they must come from your ranks.

Farmers are talking of super cooperatives to market grain internationally. That will take brains, organization, and leadership. Are you ready to provide it? Farm bargaining is a reality--only its structure remains to be determined. That will take skill, toughness, and wisdom. Are you ready to provide it?

No greater challenge awaits you in the rest of this Century than to maintain and strengthen farmers' control of agriculture.

You already have a head start in the hardest job of the future--building rural America.

Rural America is a way of life--but it is becoming a different way of life and a better way of life. In cooperation with the Farmers Home Administration, the FFA is way out in front of Rural Development with your Building Our American Communities Program.

You've already learned the first principle of Rural Development--that rural communities are not developed from Washington by bureaucrats; they are built in rural America by rural people.

Not every community can become a hub of Rural Development. Not every crossroads will be able to have its own local industry. Not every wide spot in the road will be able to have its own telephone exchange and its own water system. But, with sound leadership, every rural community should be within reach of the kind of sound Rural Development which you are already putting into operation through the FFA Building Our American Communities Program.

Through the Farmers Home Administration, we are exerting special effort to make the funds and the technical expertise of our programs available to FFA Chapters and individual Future Farmers across the country. No longer is the 21 year age factor a barrier. We mean business. Let's face it--our goal is to assist in the building of rural America--and we know that you are ready and willing to carry more than your share of the load. After all--you have most at stake, the rest of your lives in fact. Our programs express the confidence we have in you.

It will be up to you to solve the greatest problems agriculture faces in the future.

Not all of you will farm or be farm leaders. Some people have only recently discovered that fact--but that's been the case all during the history of the Future Farmers of America. Some of you will be off-farm problem solvers--highly skilled, competent professionals.

The test tube and the computer are just as much a part of modern agriculture as the horse plow and the lard-fat sow were when Vocational Agriculture began in 1917. Science has revolutionized farming--again, and again, and again. And science will continue to provide the tools for the future.

Science is merely man's way of speeding up progress. Man--through science--has built American agriculture to the place that is today.

Let's be honest:

God put the worm in the apple;
man took it out.
God put the cockroach in the cracker barrel;
man took it out.
God put the potato bug on the potato plant;
man took it off.
God put the termite in the timber;
man took it out.
God put the malaria-laden mosquito in the backyard,
man took it out.
God put the mildew on the rose;
man took it off.
God put the parasite in the pig;
man took it out.

After years of unprecedented scientific progress, some of our most beneficial achievements now stare us in the face as problems.

DDT must have a replacement. Society has decided that we must now find something as effective yet safer. Are you up to meeting that challenge?

Diethylstilbestrol (DES) must have a replacement. Society has decided that we need to find something equally as effective and as cheap--if we can--yet with no risk. And--as a sidelight we need to find a way to dispose of the added 2 million tons of manure which will result from having to feed beef cattle longer and less efficiently to get the same amount of beef we have today. This brings up the whole subject of better ways to dispose of livestock waste--since we have not yet found a way to produce a tasty sirloin or even a hamburger without putting up with some cow manure along the way. Are you ready to meet that challenge?

We must find ways to keep coyotes and eagles from picking off young lambs and calves. We must find more effective ways to fertilize, with less possible side-alteration of the environment. These environmental challenges will not subside in the years ahead--they will mount.

(more)

It will take competent, strong, aggressive, bright, practical people to find solutions to these problems. You must find those answers: Are you ready to tackle them?

Agri-business provides exciting opportunity.

Tonight, in addition to naming the Star Farmer of America, you will also name the Star Agri-businessman of America. Many of you will pursue careers in agri-business. Many people don't understand the traditional tie, the commonality of purpose, between farming and the host of agri-businesses which serve farming. But farm people understand that. That's why it's natural for farm young people--FFA members--to prepare for farming and farm-related businesses side by side.

There is no antagonism--no bitter play for power--as many politicians and journalists and social crusaders would contend. No family is torn asunder when one brother takes over the family farm, when another joins a farm machinery company, when a sister marries a bank farm manager, and when another sister marries a Vo-Ag teacher. The family is held together by the common bond of agriculture.

Farmers and agri-businessmen understand together that profit is not a four letter word, that profit feeds the fires which burn within agri-business to compete fiercely to serve farmers' interests.

Agri-business faces tough challenges ahead. As farming gets more difficult--and as consumers get more particular--there will be less and less room in agri-business for mediocrity. Agri-business must perform--or be crowded out. You who seek careers in agri-business will face the same tough disciplines, the same competitive demands, the same rigid test of performance which has always faced farmers.

Don't overlook the opportunity to serve in government.

As I have watched Officers of the Future Farmers of America over the years, I've noticed a common trait--a burning desire to get at the core of things and make things work out better. As FFA leaders--like no other young people your age--you've had a chance to wield power, to make decisions, to bear the burdens of responsibility, to make things happen.

Government and politics need people like you. Twenty-three centuries ago Plato said: "The price that men pay for not being interested in politics is to be governed by men worse than themselves."

Many of you will be voting in a matter of days--some for the first time. But sooner than you may think you will need to face a key question: What will be your direct involvement in government and politics? I firmly believe that there is no higher calling than service to mankind through government. And I believe even more firmly that government demands our best people--energetic, tough, bright, sensitive, good people--the kind of people which the Future Farmers of America has a solid reputation for building.

The future of agriculture is yours.

I truly envy you the opportunities which lie ahead. You are going to lead American agriculture triumphantly into the 21st Century. I hope you appreciate the head start that FFA leadership has given you. Leaders who have had the opportunities you have to fashion others into roles of leadership have on their shoulders the mantle of power--power to shape the America of tomorrow. You are those leaders. That power is yours.

A gal named Melanie, with a funny little voice, had a big hit record late last year which went: "I've got a brand new pair of roller skates ... you've got a brand new key." Well, she had another hit a little later which went something like this: "They're only puttin' in a nickel--but they're wantin' a dollar song."

That's a big part of the challenge ahead of you. The only way to get a dollar song is to put twenty nickels in a nickelodeon. It's going to take work. You must be willing to give. It takes input to get results--in leadership as in everything else.

And agriculture can't wait. We can't put off the challenges facing agriculture until tomorrow while we wait for boys to make mistakes and, by trial and error, to grow into men. That's why the Future Farmers of America is so vital. Many organizations teach a boy to be a man--FFA gives a boy a chance to be a man, his own man. The world doesn't have time for you to be your own boy--but the world needs each of you, now, to be your own man.

For P.M. Release, October 12, 1972

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DEVELOPING AMERICA'S MOST PRECIOUS ASSET

Vast tasks--vast challenges--vast opportunities lie ahead for farmers and all the people of America. As sure as I stand here, I am convinced that the annals of history will point to the present time as a great watershed point in America's development. It is a time which, in the words of the President, can "lead this Nation to a new birth of greatness."

We are in the midst of a dramatic turn-around in America's international relationships. The Cold War with its suspicions and antagonisms is giving way to a new era of cooperation--a generation of peace is within sight.

Here at home we are making the difficult transition from a wartime to a peacetime economy. Indeed, it may well be that we are in the process of building a new society, as we enter into the post-industrial era so vividly described by Alvin Toffler in his provocative book, "Future Shock." Toffler sees us simultaneously experiencing a youth revolution, a sexual revolution, a racial revolution, a colonial revolution, an economic revolution, and the most rapid technological revolution in history. Much that is happening seems to support his observations.

Agriculture is deeply involved in all these exciting changes. On the international front, with huge new foreign markets opening up to U.S. farmers, it can be said quite accurately that American farm products are helping pave the road to lasting peace. And on the home front, farmers and their rural neighbors face unequaled opportunities to share in America's economic expansion and participate in the healthy development of our rural countryside.

Farming is a dynamic growth industry.

I must say I get impatient, to put it mildly, with those who bemoan the plight of agriculture as though it were a problem child in our economy. Or those who consider farmers unable to compete as effectively as other segments of our economy do. Or those who for political reasons would make farmers charity wards of the Government.

I'm proud to be a part of an agricultural community that's highly competitive, that's moving ahead, and that's ready to take on all comers in international trade...an agricultural force well prepared to carry on its remarkable performance in fulfilling the first law of life--the production of food in abundance for our growing population and for hungry people in distant lands.

Plenty of facts prove that agriculture is a growth industry. In the last 20 years, our farm output has increased by 40 percent. During that time, output per man hour has more than tripled, rising in recent years about 2 1/2 times as fast as the increase for non-farm workers. Over the same period, production assets per farm worker have risen from \$9,500 to \$56,000 per average individual farm worker.

The use of farm machinery and mechanical power has gone up by a third. Tractor horsepower on farms has doubled. Farmers have more than doubled their purchases of production supplies.

And farmers are producing more of what Americans want to eat. Per capita consumption of beef has gone up by 80 percent in 20 years--and in those same 20 years this country's farmers and ranchers achieved a tremendous increase in beef production--by 2 1/2 times, from 8.8 billion pounds in 1971 to 21.9 billion in 1991. All across the board, our farm output has more than kept pace, helping consumers fight the battle of inflation.

All of which means that the farmers of this land are providing America's food at less real cost than ever--less than 16 percent when measured as a percentage of disposable consumer income. They have the capacity to do this and still take in stride the filling of demands by Russia, Japan, and other trading partners for grain and other needed commodities.

The big question is, can we keep the forward momentum going?

That is a critical question not only for agriculture, but for all segments of our economy. As far as farmers are concerned, I am determined to do all that I can as their hired hand to make agriculture a dynamically growing business. We are seeing gross farm sales and total net farm income move up to new, all-time records in 1972, and we won't be satisfied until farmers are realizing returns on their labor and investment which at least equal those of non-farm people.

For three years in a row we have seen farm export records broken. We won't be satisfied until we reach the goal set by the President of at least \$10 billion in agricultural sales abroad. That goal will be achieved quite soon, in my opinion. That will mean more jobs in the transportation and shipping industries, more business for the firms that serve and supply farmers, and more dollars spent in America's rural communities.

Again I ask, do we have what it takes--imagination, initiative, and intelligence--to capitalize on the exciting changes occurring in agriculture and throughout our American society? Can we really make this time that we are in now a time of rebirth of our Nation's greatness?

The answer rests with you--you who will soon be entering on careers in agriculture and related enterprises, and on the countless millions of your generation who soon will be doing most of the work of American business and industry. And the answer will be a resounding "Yes," provided you help develop America's most precious asset--her land and her people.

No other commodity is in greater demand than trained minds with the capacity for intelligent leadership. That's a commodity that only people like you, with your youth, energy, and educational opportunities, can supply.

Leaders, laborers, or loafers--you make the choice.

At some time or another, each of you will find yourself in one of those groups--leaders, laborers, or loafers. Where will you be classed most of the time in the years ahead? How determined are you to discipline yourself to fill your part in the important work to be done?

Consider leaders. That's a rather thinly populated group, the leader classification. If you go back in your mind with me for a moment to your home community and try to recall the names of the real leaders that you knew in your home community, I bet you're going to run out of names before you run out of fingers. They are a pretty scarce commodity--the real leaders--but what a premium we place on leadership!

Now there's nothing wrong with being a laborer. Don't misunderstand me. We need them too, and you need to be laborers too. We can't have all chiefs in the tribe. If you prefer to be a laborer, that's entirely honorable. You will be needed and respected--and the chances are you'll sleep better.

Probably there's nothing wrong with being a loafer once in a while. We all need to do some resting and loafing. But the most insidious kind of loafing is the kind that you and I can do--and it goes undetected--and that's mental loafing. You can loaf that way for six months and nobody finds out. Physical loafing is easily detected. You've got a product you measure at the end of the day and you see how much you come out with--but neither you nor anyone else can determine the loss caused by mental loafing.

When we fail to exercise our mental capacity--the originality the Good Lord gave us--we waste one of the most treasured resources we have.

I once heard a research M.D. say that the ordinary human body produces energy equivalent to the amount of electricity burned by a 50-watt bulb. At today's rates, the energy our bodies produce is worth less than one cent an hour. You and I live in a world of ideas. We live in a mental world. Our value is from the shoulders up--that's where the real power is.

Tomorrow's world--your world--is going to demand more and more brainpower.

We have seen the geographical frontiers pushed back to the vanishing point. No more prairies are left to be broken, virgin forests to be cut, or lands to settle. Agriculture, with constantly diminishing land resources, faces the awesome task of feeding twice as many people by the end of this century as now inhabit the earth.

In the United States alone, by the year 2000, millions more Americans will exist on the same number of square miles as today. The same amount of fresh water will fall from the skies as now, but we shall need twice as much water. We shall be fed from the same thin layer of topsoil that feeds us today, but will need one-third more food.

If the entire world's population of 6 billion or more predicted by the year 2000 are to be sustained, with no improvement in diet whatever, we will need to create the capacity to feed another 3 billion. That means we must duplicate in the next generation the productive ability that man has achieved since the dawn of history!

This can be done. I have no doubt of that. We will continue to unlock Nature's secrets, even though she's a niggardly old girl and keeps a tight grasp on her book of knowledge. To turn the pages and wrest her secrets from her will demand all the imagination, ingenuity, research finesse, and determination we can muster. Brainpower and trained leadership will find the way as we explore the greatest frontier, the vertical frontier without

Never was the need for trained leaders greater than it is today.

Not only in agriculture, but throughout business and industry, and in that most important business of all--the business of living together that we call government--we will have an urgent need for trained minds that can cope with change.

In a current magazine issue, a faculty member of the USDA Graduate School predicts that "the next 30 years will witness a change as enormous in scope as the Industrial Revolution; that is, the change during the next 30 years may be equal in scope to the change of the past two or three centuries." Even if he is only partially right in his prediction, it means accomplishing in decades what formerly took centuries.

It has been estimated that we are going to experience a 100 percent increase in knowledge during just the next 8 to 12 years--and another 100 percent increase in the decade following that. We have discovered more new technical knowledge in my lifetime than existed when I was born not too long ago. Half of the technical information possessed by today's college graduate will be obsolete in 10 years. Think what that means. Half of what today's college graduate must know to be successful 10 years from now has not even been discovered yet!

This is why I keep emphasizing the importance of the mental frontiers waiting to be explored. We have no choice other than to encourage training, re-training, and constant development of our brainpower resources. As the author of "Future Shock" points out, the kinds of expertise needed are changing rapidly. The years ahead will demand more "multi-specialists," persons who know one field well but have the flexibility to cross over into others. Toffler believes that the average 20-year-old who enters the work force today can expect 6 or 7 job changes in his lifetime, each requiring

You will have plenty to do as you work for a free society and a better society.

There are no short cuts for making our dreams for a more comfortable, more secure, and more satisfying world come true. The tasks ahead for you will be formidable, in agriculture as in any other line of endeavor.

And those tasks can be more rewarding. As I look at the many of you who will be engaged in agriculture, I cannot help feeling envious. You have the prospects of creating a far more satisfying life in the countryside than we of my generation ever enjoyed.

Many of you will have a hand, for example, in the vital work of restoring and improving our natural environment. You will help win the battle over pollution. You will take part in reuniting untold numbers of people with the soil and good country living, as the Nation moves forward toward achieving balanced national growth.

The solid virtues nurtured in country living--industry, integrity, patriotism, production, awareness of family and church and community--let these be your guides.

And I urge that you let those virtues be your guides in the most important leadership area of all--leadership in living together. In this free society of ours, we need every young man and woman of ability to get involved in mankind's affairs--in getting along together--in government.

Cast aside the feeling that so many have, that there's something dishonorable about politics. Not so! Only a few politicians are dishonorable. Government is the biggest business of our land. America needs the best brains, the best imaginations, the best talents and energies working in politics and in government. It needs people like you.

It's time for you to get started. Get active in politics, with the party of your choice. Do more than just casting your votes. Become involved with the issues and with people--and stay involved, after the election is over. Make a deliberate, conscious effort to develop your leadership potentials.

As one fairly highly placed in Government, I have tremendous confidence in you, in what you have to offer, and in the leadership you can provide in the years to come. You are already on the road to leadership because here on the Davis campus you have the opportunity to equip yourselves--and I know you have what it takes!

For P.M. Release, Oct. 23, 1972

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PARADISE FOUND

I always suspect Assistant Secretary of Agriculture Dick Lyng of immodesty when he speaks in such glowing superlatives about California agriculture. But the evidence seems to prove Dick "not guilty".

It's easy to see why California is far and away our top farm state. It's no wonder you lead all states in cash farm receipts and why you are either first or pushing the top among all states in a majority of the major agricultural commodities produced in this country. No other state can even begin to come close to that claim.

Stanislaus County must be Paradise itself. Now I know exactly what Dick Lyng means when he tells me that this community is literally built upon the rare combination of soil, water, men, and sunshine with which you have been so richly blessed.

This county seat town of Modesto is really just a strapping big farm community. The importance of agriculture to this community is reflected in the membership roster of this Rotary Club. You are oriented to agriculture. Your prosperity and your progress depend upon and rise and fall with Stanislaus County agriculture.

Address by Secretary of Agriculture Earl L. Butz before the Modesto Rotary Club, Modesto, California, October 24, 1972, 12:00 Noon, PDT

When President Nixon appointed me to serve as Secretary of Agriculture there was clear agreement between us that my primary goal would be to boost the income of farm people and that I would speak up in earnest on behalf of farmers. That means that I agreed to become the hired man of every American farmer--including every agricultural producer in Stanislaus County.

We're building markets.

With the extremely broad and highly perishable nature of much that you produce in this rich county, you understand clearly how extremely vital the agricultural marketing system is to the overall healthy condition of agriculture. It would do no good to be blessed with the land and water and sunshine and men which Dick Lyng brags about if the abundance which results has no buyer. No market--no profit. In fact, no market--no return at all. It's that simple.

The emphasis which the United States Department of Agriculture places on marketing and the marketing system indicates how important agricultural marketing is. One of the first actions taken after my confirmation as Secretary was to appoint five special marketing study teams--one for pork, one for potatoes, one for apples, one for eggs, and one for canning peaches. Their purpose was to study in depth the problems of marketing those specific commodities, to investigate alternatives, and to recommend to the Department possible courses of action.

Each marketing team was made up of top-level, extremely knowledgeable, practical, competent professionals. They had their work cut out for them. They tackled their assignments and each team worked diligently. The teams reported to me in August. Each one, without exception, made substantive recommendations.

We began immediately to respond to those reports. Some recommendations require further careful study--and that study has begun. Some require research--and research plans are in the making. Some require mutual effort and tactful coaxing--and that prodding and cooperation has begun. Some require changes in laws or regulations--and the drafters are already at work.

These recommendations will not gather dust. Take--for example--the report of the canning peach marketing team, a report which must certainly be of interest to the cling peach people in this area. Many of the suggestions in that report were perhaps made by or in consultation with some of you--and we are beginning to do everything possible, working with you, to improve the marketing structure for cling peaches. This will build markets for you.

These five marketing teams are but one effort. I sincerely hope that one accomplishment of my service as Secretary of Agriculture will be to do all within the authority of the Department of Agriculture to improve the marketing structure and build stronger markets for every farm commodity.

We're expanding farm exports.

You who work and live on this rich Pacific Rim of America and of American agriculture should realize more than anyone the critical importance of the farm export market. Without a sizeable farm export market, I can see little hope for any profit at all in farming. Without a sizeable farm export market, farm numbers would certainly continue the heavy drop-off of the late 1960's when farm exports were slumping. Without a sizeable farm export market, we would have to more than double the scope of our government farm program and substantially increase set aside requirements as well as program costs. Without a sizeable farm export market, the nation would suffer from a badly worsened balance of payments situation.

We export the production of more than one of every five harvested crop acres. That's an incredible proportion. For some commodities well over half of our production ends up overseas.

Farm exports are perhaps the most encouraging sign for American agriculture. Farm exports shattered all records in Fiscal 1972 when more than \$8.0 billion in farm products were marketed abroad. Farm exports will break a record for the third year in a row. American farmers sold more than \$1 billion worth of wheat, feed grains, and soybeans to Russia in less than three months' time--that's certainly an historic breakthrough. And every dollar of farm production we export means a better market for what we produce, more income for farmers, more jobs for the transportation industry and other workers, and an improved monetary stance for America in the international economy.

As we move forward to build a world of peace--and as trade becomes an increasingly important building block for peace--I am confident that farm export markets will continue to grow. We've only touched the surface of trade potential with China--but, down the road, I am confident our market in China will expand. And farmers will reap the benefits.

When it comes to trading with Japan--one of our best traditional customers--or China or other Pacific Nations, almost no one in the Continental United States is closer to the international front than you. For you, trade isn't something that occurs way across the mountains and the desert or down a long and winding river. The ports of trade sit literally on your doorstep.

We're improving farm income.

The objective to which I am most firmly committed is this: I want every farmer to be able to earn a return for his labor, his investment, his management skill, and his risk which is equal to returns in other segments of the economy.

We are making solid progress. Net farm income this year will be about \$18.6 billion, finally breaking the record set 25 years ago--and I say it's about time! Farm income in 1972 will set a record for total income, net, per farm, and per capita.

Disposable family income--after tax income--for farm people this year will be about 80 percent of that of non-farm people. That isn't good enough, but it's a whale of an improvement over the 67 percent which farmers experienced during the decade of the 1960's.

This improvement in farm income hasn't been accidental. It has taken hard work. It is the result of an expanding agriculture built on expanding trade and strengthened markets. It's the result of stronger prices. It's the result of increased consumer demand which stems from the higher real wages in the pockets of American workers. And it also reflects the improvement in calming the upward swing in farm costs, which has come about as we put a halter on galloping inflation.

I am optimistic about agriculture's future.

You should share that optimism. Agriculture is vitally important to a town like Modesto. Agriculture provides the business stimulation which gives this city its life. Urban and rural people alike share in the rewards of a thriving, prosperous agriculture because the economic activity in agriculture flows far beyond the farm and into the very heart of a city like Modesto.

Farmers spend more than \$44 billion each year for the things they need to farm--and more than 16 billion additional dollars to buy the same kind of things city people buy. Every dollar a farmer spends is income and provides a job for someone else--and nearly every dollar farmers in this community spend rings at least one cash register somewhere in this community.

Farming uses more petroleum than any single industry. Farmers purchase enough rubber products each year to put tires on nearly 7-1/2 million automobiles. Farmers use more electricity each year than is needed annually by the cities of Baltimore, Chicago, Boston, Detroit, and Washington, D.C. We rise and fall together--and, to me, the signs are right for us to be optimistic together.

Any industry as basic and as widespread and as varied as agriculture has an ever-ending array of challenges facing it. We must meet the challenges facing agriculture in farm labor, in environmental matters, in feed and food additives, in land use, in the control of agriculture, and in rural development. These problems will demand our best minds and our most potent leadership.

You have soil and water and sunshine in abundance here in Stanislaus County. But take away the men who have worked so hard to turn that soil and water and sunshine into Paradise, and you'll have nothing. People have built American agriculture. People will keep it moving. People will keep American agriculture the envy of the world.

For P.M. Release, Oct. 24, 1972

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CHOICES FOR AMERICANS

As the political pot boils ever hotter during these final weeks before Election Day, people throughout America are bringing issues into sharper focus and are getting a better look at the choices they must make.

During these few minutes, I want to talk a little bit about some of the choices we face in American public life, and your relationship to government, and government's relationship to you.

The temptation is strong to make a political speech. It's an unusual opportunity for a Cabinet member, addressing a group like this--the business leadership of California's renowned Napa Valley. Here, you and your predecessors have invested ingenuity, talent, and money in your precious natural resources to produce wealth, renewable each year, in the form of your famous grapes and other agricultural commodities.

By upholding quality standards, by aggressive promotion and expert marketing finesse, you have made the product of your grapes--and the name Napa--known throughout America and the world. Moreover, here in this Valley many people who are in their retirement years are enjoying the benefits of country living--the wholesome experience of life close to the soil and Nature's processes. This also is a matter of deep personal and official concern to me, because one of the Department of Agriculture's major tasks is to provide leadership in attaining the President's goal of balanced national growth through sound development of our rural countryside.

Address by Secretary of Agriculture Earl L. Butz at joint meeting of Rotary, Elks, and 20-30 Club, Napa, California, October 25, 1972, 11:30 A.M. PDT

Basic policy decisions are waiting to be made.

Naturally, I'm prejudiced in favor of the Administration. You'll understand if I tilt a little now and then toward the President. Yet with all sincerity, I say that the choices that lie ahead, not only on Election Day but in the months and years following, are choices that go beyond and above partisan politics. They are choices of direction that merit the most careful, soul-searching consideration of every citizen regardless of his party label.

Some of the choices relate to the significant changes taking place in agriculture. I think that the dynamic new course we have in agriculture typifies, in many respects, the basic turnaround of this Nation that we would all like to achieve as we moved from a defense-oriented society to a society based on a peacetime economy.

The great question is, do we have the determination, the stamina, and the foresight to make this transition succeed, and to accept the commitments of responsibility bound to come with it? Do we as a Nation have what it takes to meet the social, health, welfare, cultural, and environmental needs of the coming last quarter of the 20th Century?

The answers to questions like that depend, it seems to me, on a fundamental choice that needs to be settled firmly. It is this:

Shall executive decisions affecting the well-being of our economy be made by business and industrial executives, or by Government executives?

I think I know how you would prefer to answer that question--and I agree with you. Ours is still a democracy. We still compete in a free enterprise environment. The profit system, with its incentives for initiative and aggressiveness, remains the dynamo of America's strength.

Stated another way, this question is: Do you want Government to be your senior partner or your junior partner, your master or your servant? Most business executives, I feel sure, would prefer to have Government at their side instead of on their back.

Yet in order to prevent Government from playing a dominant rather than a subordinate role in our lives, it seems to me that we are going to need a higher degree of business statesmanship, and a greater amount of self-restraint, and a more forceful display of plain fortitude, than we have seen over the past 10 or 20 years.

Today the consumers in this country and all taxpayers are paying for the false prosperity of the 1960's. They are paying for the failure of management and the leaders of organized labor to hold the line on costs during those years. They are paying for profligate Government spending during a period when the tragic Southeast Asia conflict was being escalated.

We still have time--provided we all have the will and self-discipline--to tighten the halter on inflation, which was the legacy of those years. We know this can be done, because we are doing it. Inflation has been cut in half since 1969; and since the introduction of the New Economic Policy in August a year ago, real earnings of production workers have gone up 4 percent. This is increased buying power--the real proof.

And now the real test is, do we have the determination and courage to move away from controls to a self-regulating economy? I think we have. Now to turn to another critical choice:

Do we want foreign trade based on protectionism and high cost, or do we want trade efficiency?

Common sense makes the answer obvious--and agriculture offers one of the best examples of the potentials in trade based on production efficiency. Here in North America we are fortunate--unique in the world--in having the greatest contiguous land area that can be found anywhere, designed by nature for abundant grain production, with a favorable climate and water supply, and well capitalized for efficient grain operations. We have unequalled technology and know-how. What's more, we have the best kind of strategic reserve--some 70 million acres ready to be brought into production as necessary during the years ahead, when the world's population will be doubling and the diets of people in far-off places like Japan, China, and Russia will be improving, thereby increasing the demand for feed grains and proteins that we produce.

Common sense dictates that in view of all this, we must continue to strive for an open trading world, and we must strive to perfect our delivery systems. It's essential for farmers and city people alike to understand that for America to derive the most from its comparative advantage in the production of grain or any other product, a tremendous amount of teamwork and coordination will be required.

Traders and exporters comprise an essential part of the trade mechanism. They deserve a decent return for their contributions. I deplore and resent the slanderous insinuations heaped on them in connection with the wheat sales to Russia--just as I resent having the good name of the President and his top trade negotiators, including myself, impugned. Which reminds me of another crucial choice all U.S. citizens should be weighing:

Do you want professional executives in Government, or political hacks?

Businessmen such as you may agree with me that an article of "must" reading is Frederic Malek's perceptive discussion in the current issue of Harvard Business Review, entitled "Mr. Executive goes to Washington." He notes many of the reasons why businessmen run a poor third after lawyers and educators in terms of likely effective public service.

He speaks of the political quicksands that so often trap people from the business world who enter public service. He points out that in contrast to his counterpart in the private sector, the Government executive lives in a fishbowl and must expect to be exposed at any moment to the glare of publicity and notoriety.

In light of the flap about the Soviet grain deal, I imagine Mr. Malek would have had an apt illustration had he waited until now to write his Harvard Business Review article. The Government needs and values the kind of expertise that experienced businessmen have to offer.

Otherwise, we resign ourselves to the incompetence of political hacks. As Mr. Malek says, a major challenge to this or any administration is to find and attract men and women who possess special dimensions--managerial superiority, sensitivity, flexibility, charisma and the ability to communicate; and the degree to which they succeed will have a powerful influence on the effectiveness of Government and, therefore, on the quality of life in these United States for decades to come.

That quality of living relates to another choice we need to make:

Do we want a food policy based on market-oriented production, or on Government domination of the marketplace?

Here again we are dealing with fundamental philosophy, not party labels. There are honest differences of opinion that cross political lines.

One body of opinion favors a "cheap food" policy, reinforced by price controls all the way from the farm gate to retail counter. Coupled with that policy would be a costly system of farm price supports, so massive as to approach the character of a welfare state before we're through. I'm sure you know my position on price controls and high price supportswell enough to understand that I am not in that camp.

With regard to low-cost food or free food, we are carrying on an all-out and highly successful campaign against hunger, as you know. Farmers can well be proud of their contribution to this vast humanitarian effort to provide food to those who through no fault of their own are unable to pay for it. But having said that, I take an equally strong position on the other side, that those of us who can afford to do so should pay a fair, full price for food, just as we do for automobiles, TV sets, or our golf clubs.

I am for an agricultural policy that permits farm prices to find their rightful and reasonable market levels. I will continue to oppose putting a lid on farm prices and putting a lid on any farmer's opportunity to grow.

Agriculture, by and large, still has the freedom to produce for free markets, not Government-controlled markets. That freedom was enhanced by the Agricultural Act of 1970, which abolished many of the controls for major commodities and gave farmers new leeway, under the set-aside plan, to produce for best market opportunities.

These programs are working--and they are producing substantial results. More farmers are participating than ever before. Farmers are exercising greater managerial freedom than ever before. More U.S. farm products are being sold than ever before. Farm income levels--total gross, total net, net per farm, and net per farmer--are higher than ever before. And the future for farming looks brighter than ever before.

Many other important choices lie ahead, but I shall conclude with one more--one of utmost consequence to us all:

Do we want America to have a posture of international strength or of mediocrity?

It would be difficult indeed to find a more significant example of change than the sensational turn-around that is taking place in our international relationships. To me it is especially exciting because agriculture is so much involved.

The long Cold War, with its distrusts and antagonisms, is giving way to a new era of harmony. Who would have dreamed, even a year ago, that this new climate would exist today? That the President would have made his historic journeys to Peking and Moscow? That by now we would be selling vast amounts of grain and soybeans to the Soviet Union, with good prospects for expanding, long-term trade to that country and Mainland China?

In his Summit meetings the President spoke with strength, because behind him was the strength of American enterprise and the strength of an expanding agricultural system. That strength gives him the power to help design the architecture of international cooperation--the best kind of foundation for true, lasting peace.

Let this be our choice--to forge forward on the agricultural front, to move forward together on the entire national front, toward the President's goal of a generation of peace--not just for Americans, but for all the people of the world.

I'm proud that our rural people, as much as any other sector in the Nation, understand the value of those principles on which America was founded and has grown to greatness. They understand the importance of work, the importance of production. They understand the importance of self-reliance, and good old-fashioned patriotism--and that is not out of date.

The other day I was coming in from the airport and right ahead of me was a car displaying a bumper sticker. On the left side was our flag, in those wonderful colors of red, white, and blue. And right beside it were four words: "These colors don't run!"

These colors don't run! They have never run for the nearly 200 years of our history. That is part of what the debate is about this fall--it is a part of the choice we must make in the time to come. I hope every American--I hope every person within the range of my voice--will have a strong personal dedication to do what he can, or she can, to make sure that a generation hence we can look back and say, "I helped make sure that those colors didn't run!"

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During no year in history have cattlemen been so vividly aware of the critical position of the beef industry with reference to our government, our economy, and our consumer-oriented electorate.

Beef prices have been headline news this year. You've had your ups and downs. Consumers felt they had a beef. Politicians thought they had an issue. Newsmen knew they had a story. But, in the main, reason prevailed.

The cattle hide situation makes sense again.

Last spring and summer, when cattle prices strengthened in response to consumer demand, hide values also increased. That was the inevitable result of economic reality.

As you know, during the summer, a system of hide export quotas was implemented. Then the Congress moved in, passed legislation lifting the hide export quotas, and transferred the responsibility for any further consideration of such measures to the Department of Agriculture.

Hide values have climbed from about \$29.00 the first week of July to a current value of over \$41.00. That has increased the value of the "5th Quarter" of beef--and it has added about \$12.00 to the value of every steer. Part of that increase will result in more spendable money for you--and part of it will, no doubt, mean more beef for consumers at reasonable prices.

Address by Secretary of Agriculture Earl L. Butz before the Texas Cattle Feeders Association, Amarillo, Texas, October 31, 1972, 11:00 A.M., CST

This move makes good sense. Since there are now no restrictions on the import of beef, there should certainly be no restrictions on the export of hides. This is consistent. This is wise.

The beef industry is now fully competitive--it has no price supports; it has no production controls; it is not in any way insulated from the forces of the world market; it makes meat and meat by-products available to consumers at competitive prices. There are no significant market-protection favors extended to the beef industry. Consumers have no legitimate grounds for complaint. Indeed, consumers should be grateful that our beef industry, free from governmental constraints and price subsidies, has doubled the supply of beef per person in this country in a brief 20 years, and today makes available a record supply of choice beef for our growing population.

The beef industry can grow and adapt to meet consumer demand.

I believe in an agriculture that can adapt to the times--where farmers have the decision-making options to lead change, to make change soundly, and to build progress and prosperity out of that change.

The type of change I am talking about is perhaps most perfectly exemplified by the fact that, just in recent years, this particular area where we are meeting today has become a major cattle feeding area. This important development has resulted from the flexibility and the ability to change which are so soundly a part of the free cattle industry--unencumbered by government bureaucratic red tape which would tend to bind production patterns to the past.

The beef feeding industry is not frozen in a straight jacket of the past. You have had a chance to choose between expansion and contraction, between this location and others.

As a result, the cattle industry is an excellent example of one which has stayed free and which has grown successfully. The beef industry is truly a striking example of the wisdom of maintaining the freedom to take advantage of the ability to change and make your own management decisions.

Beef demand requires the beef industry to be flexible.

I know of no facet of agriculture which looks more favorable down the road than the beef industry. Your recent performance indicates what you can do. Farmers and ranchers increased beef production by 2-1/2 times in the 20 years between 1951 and 1971--from 8.8 billion pounds to 21.9 billion pounds. During the same period, annual beef consumption per person in this country doubled from 56 pounds per person 20 years ago to 115 pounds per person today.

Looking ahead, annual beef consumption per person will soon reach 120 pounds, and the 1980 projection is 130 pounds per person. This factor, coupled with projected population increases, will demand a 1/4 increase in annual beef tonnage in just the next eight years.

We have been eating--and we will continue to prefer--more of the better quality of beef. Twenty years ago, about 40 percent of our beef was Choice grade or better--today nearly 2/3 is Choice grade or better. Twenty years ago, 60 percent of our beef was fed beef--now nearly 80 percent is fed beef.

Looking toward the end of this century, we must greatly expand beef production. It will take at least one-half million additional beef cattle each year just to keep pace with the population growth. And when you consider added per capita beef consumption, some experts forecast a 93 percent increase in beef by the end of the century--expanding our beef population to 180 million head by the year 2000.

It's going to be up to you to provide America with this fabulous expansion in our beef supply--this estimated 25 percent more beef, and better beef too.

Beef production won't climb automatically.

Those who understand the beef industry know that the only way to get 1/4 more beef is to make it profitable to raise more calves and for you to feed out more beef.

I have said before and I'll say again--no cattle feeder is going to tromp around in a muddy feedlot or do the chores in a blizzard or put up with the never ending job of manure disposal just because he has a great affection for cattle. He is going to do the work because he expects a profit in it.

We've been explaining that to consumers--but we must keep at it. We must convince consumers that a rollback in beef prices will mean less beef instead of the 1/4 more beef which will be needed.

Consumers have been strangely silent now that cattle prices are five dollars a hundred under the prices of last summer. We've got to keep making it clear that, when wages go up they stay up, when freight rates go up they stay up, when doctor's fees go up they stay up--but when farmers' prices go up they also come down. And when farm prices are held down artificially by controls, consumers can be sure that farm production will drop. This accentuates the rising demand which caused prices to climb--then the only way to divide up the supplies is through ration stamps.

Cattlemen face a real battle ahead.

The Agricultural Act of 1970 expires with the 1973 crop. So next spring, a new farm program will be hammered out on the anvil of politics in the halls of Congress.

The events of the last year--and the spotlight into which the beef industry was placed--make it clear that cattlemen have much at stake. I am confident that you will make your voices heard so that the farm legislation which results will reflect your wisdom and your convictions.

For P.M. Release, Oct. 31, 1972

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J. H. Smith, Jr.



TOWARD A STRONGER FEDERAL-STATE PARTNERSHIP

Now that the election storms are abating and the quadrennial selection of the Nation's political leaders has been completed, let's take a look at what's ahead. This meeting of State Departments of Agriculture is a timely moment to consider the goals, challenges, and opportunities which face American agriculture.

It is particularly appropriate that we do so here, today, because you Secretaries, Commissioners, and Directors of State departments will be decidedly a part of the exciting action ahead. We in the USDA particularly value the working relationships that we have enjoyed with you over the years. We appreciate the help and friendship that you have extended to us, and we have a high regard for those of your "fraternity" who are currently working at high levels in the Department--people such as Phil Campbell, Dick Lyng, Red Moss, and Pete Peterson.

We are going to need your cooperation even more in the future.

That's why I am glad to have this chance to visit with you. Being human, we all may have differences from time to time; we may disappoint one another once in a while; and we sometimes overlook the importance of two simple but eloquent words, "Thank you." I want to say "Thank you" for the competence with which you are discharging oftentimes thankless responsibilities. I want to say "Thank you" for the invaluable support that you provide in so many ways to the efforts of the Department of Agriculture on behalf of the Nation's farmers.

Despite some occasional rough spots in the road behind us, and regardless of whatever difficulties--small, I hope--that could lie ahead, my sincere hope is that our Federal-State partnership will gain strength. You can count on Earl Butz to do all he can to strengthen that relationship.

Address by Secretary of Agriculture Earl L. Butz, National Association of State Departments of Agriculture, St. Croix, V.I., November 12, 1972, 8:30 P.M., EST

We can foresee greater growth, and greater opportunities, for farmers and their rural neighbors than ever before. Yet the magnitude of agriculture's coming tasks, and their complexity, will create problems for those of us who work in behalf of farmers. Those problems and challenges may be tougher than we have ever encountered. So it will be to the advantage of farmers if we all work together with greater effectiveness.

You can play a key role in maintaining agriculture's forward momentum.

Right now, a flood tide is running strong for agriculture, a tide that has turned in favor of farmers during the recent past. The success of the set-aside plan, the record-high proportion of farmers who now exercise more freedom to plant and manage their own affairs, the effort to gear production to growing market needs--these are all factors contributing to the agricultural upsurge and improved farm income.

One of the most dramatic evidences of this upsurge has been the record-breaking climb in farm exports for three years in a row. This would hold true even without the historic grain sale to Russia, which will help boost our farm exports to the President's goal of \$10 billion by the end of the current fiscal year. I am most confident that exports can be an area of expanding business for America's farmers in the years ahead.

Many of you are helping by combining your efforts with the USDA and private industry to promote larger farm exports--and to bring about the efficient production of the grain and soybeans and cotton and innumerable other American-grown commodities that can find growing overseas markets. As you intensify your participation in food fairs in foreign countries and coordinate your promotional activities, you will be contributing to an expanding American agriculture--and to greater prosperity for the farmers of this Nation.

Here at home we also have the makings of increased farm prosperity. Our growing population will need more food--and greater numbers of people will be able to buy more nutritious food.

In the 10 years, 1963 through 1972, our population grew from 189 million to 208 million, an increase of 10 percent. During the same 10 years, the number of people gainfully employed jumped from 67.7 million to 81 million, a gain of 20 percent. Certainly an economy that can create more than 13 million new and additional jobs over a 10-year interval is vigorous and productive. Real earnings of workers--increased buying power--have gone up 4.1 percent since the President's New Economic Policy went into effect a year ago August. In addition, the campaign to wipe out poverty hunger is strengthening the domestic demand for food by pumping purchasing power into the lower end of our economic scale at a rate of \$174 million a month in Food Stamps alone.

This means that the need for your vital services will continue to grow.

During the years ahead, rising population, increased purchasing power, and growing consumerism will put added pressures on the programs in which you are most directly involved. These include your services in animal and plant health, inspection, grading, market information, and the collection of agricultural statistics which are so important to the welfare of farmers and the general public.

You can count on us in the USDA to do our best to cooperate with you as you work to make these important programs more effective. I make this pledge even though the road ahead is going to become more arduous for all of us as we collide with serious budget and funding problems.

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There's no question that money is going to be harder to get. Throughout the land you've seen school bonds and school budgets defeated. You've seen the successful resistance to attempts to raid the Highway Trust Fund. You saw the President try to persuade Congress to put a lid on spending.

Even though his request for a \$250 billion ceiling on spending was turned down during the final, hectic session of the 92nd Congress, the President will keep a tight hold on the Government's purse strings. My prediction is that you will see Mr. Nixon make a determined effort to balance our national budget--and the first year of a President's second term is the best time to try to do it.

Accordingly, in spite of the critical need of the regulatory services we provide, we must expect that austerity will be the rule in both Federal and State agricultural programs. We're all in pretty much the same boat. Like so many of you, we in the USDA must deal with an increasingly urbanized consumer-oriented legislature. This fact, coupled with the emphasis certain to be put on economy and reduced spending, can only intensify the stringency of our budgetary and funding situation.

In my judgment, a large part of the public and no doubt quite a few members of Congress do not understand the reasons for the big growth in the USDA budget in recent years. Our budget has increased more than 50 percent, from \$7.3 billion in fiscal 1968 to \$11.2 billion now. The lion's share of the increase has occurred in food distribution and commodity programs. We have had to work hard to resist drains on personnel and other USDA activities so essential to the very health of the Nation. Fortunately, we have been fairly successful.

Therefore, while we operate within the confines of tighter budgets, our challenge will be never to let agriculture retreat from the ground it has gained. Never let us retreat from the high ground of safeguarding the world's most wholesome food supply. Never let us retreat from our efforts to expand farm markets and farm earnings. Never let us relax the partnership in research and extension that has made America's agricultural capability the envy of the world.

Let us strive together, instead, to overcome the obstacles--not only those I have already mentioned, but other problems of the changing times.

We must take a common-sense approach to problems of preserving and improving the natural environment.

We all face the problem, for example, of finding socially acceptable substitutes for materials such as DDT and DES which have proved so valuable to farmers in the past. Knowledge gained from many years of development of integrated pest and disease control will have to be the basis for new research, new approaches, new production techniques. Efforts of this kind will have to be made in spite of--and because of--a tightening in the use of pesticides and herbicides.

There's little doubt that new pesticide legislation, and EPA's exercise of new muscle, will make our responsibilities to rural people more difficult. We will have to learn to cope; we will have to sharpen our technical administrative skills; we will have to seek the best possible risk-benefit ratio in the production and processing of agricultural commodities--and we will have to do a better job of letting the public know what we are trying to do.

More pure food, safer food, non-flammable fabrics, clean water, protection for wildlife, more beef but less pollution from animal waste--all these only suggest the multitude of demands that consumerism will impose on the agricultural community in the years ahead. We have no choice but to tackle these problems as best we know how. We can't back away from them, and they won't just disappear. In simplest terms, as people eat better, they demand more--that's a plain fact of human nature.

Ours is a changing, progressing society--and agriculture must keep pace.

Until the late 1920's, the United States was predominantly an extractive Nation. At least 45 percent of our work force was engaged in occupations that extracted wealth from our natural resources--occupations such as farming, forestry, mining, and fishing.

Then we turned into a preponderantly manufacturing Nation. At about the same time, the technological revolution swept through America's farmlands, releasing manpower for the country's mills and factories. It didn't take long to make rapid progress in the things we make. Today we have two-car families, an extra TV set, air conditioning, an abundance of appliances, gadgets, and recreation homes.

Now we have become predominantly a service Nation. We have emerged into what some call the "post-industrial era." More people are engaged in providing services rather than in producing things. The millions employed in serving others--transportation, finance, recreation, education, food services, health, and government--outnumber those in manufacturing, agriculture and other forms of production. Meanwhile our productive proficiency continues to advance, so that three-day weekends and four-day work weeks are becoming more common.

All of which means that we are entering the fourth great thrust that I have seen in my lifetime. The next major phase in our national progress will be to improve the quality of life, to enhance the settings in which we live and work and relax, and to improve the quality of existence itself. This will include finding better, more rewarding ways to use our increased leisure time. You might call it: managing affluence.

The missions of tomorrow's agriculture--its goals and challenges and opportunities--meld together as we embark on this great new phase of emphasis. Farmers, ranchers, and foresters, together with USDA itself and your departments, are custodians of much of the great outdoors. Our decisions, and the actions of those whom we serve, can contribute immeasurably to the effort to dedicate our precious natural resources to the esthetic improvements for which so many Americans yearn.

The thrust toward a better quality of life adds new dimensions to the tasks of agriculture.

Our help and counsel can make the use of land by non-farmers another income source for farmers. Our leadership in rural development, aimed at achieving the President's goal of balanced national growth, can open up a vast range of economic, cultural, and recreational opportunities for the people of America.

We can all exercise influence and guidance to move private capital into viable rural communities. We can work to give new hope and opportunity to countryside areas where people cherish the great values that undergird our Nation. We can do our utmost to serve as a catalytic agent in checking the flow of humanity from rural places to our over-crowded cities. We can help create the quality of life and the kind of opportunities that will encourage folks who prefer to do so, to lead fruitful lives in the countryside.

This gives me a feeling of real excitement about the years ahead--the job to be done--the opportunity for agriculture to take a leading role in the rebirth of America's greatness. This is a time for us all to establish priorities, hone our administrative skills, select the priorities for our work--and stick to those priorities.

This is a time, also, to exert our influence in developing our greatest asset of all. And that asset is people. The challenges and opportunities for rural America during the coming decade are going to demand the best scientific brains, and the best leadership brains, that we can produce.

The rebuilding of America on a firm, prosperous rural base will be, in the final analysis, a do-it-yourself proposition. That's the way America has grown great ever since 1776. And that's where State Departments of Agriculture eventually will make their greatest contribution--helping the rural people of this land help themselves.

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For A.M. Release, Nov. 13, 1972

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A DYNAMIC FORCE

It would not be in the true spirit of my own Land-Grant and agricultural heritage--nor of my present perspective as Secretary of Agriculture--if I did not point with pride to this Nation's greatest monument to its productivity. That, of course, is American agriculture.

The Land-Grant Colleges and the United States Department of Agriculture were created about the same time. Both were brought into being with one primary objective: to free men from being slaves to the land in order that they might be spared to do something besides feed the Nation. That's a simplistic description. Perhaps it's not the noble genealogy a sophisticated Land-Grant assemblage like this would prefer--especially when you are seated side by side with your elitist State University brethren! Yet, it's true.

The system has succeeded. Progress came slowly at first. Then the pace of expansion quickened. American agricultural productivity in recent years has been explosive.

We now feed ourselves with but a relative handful of resources and manpower. Fewer than 5 percent of our people are now on the land. Many of them--with off-farm jobs by daylight or moonlight--really straddle the farm/non-farm fence.

Address by Secretary of Agriculture Earl L. Butz before the Annual Meeting of the National Association of State Universities and Land-Grant Colleges, Washington, D.C., November 14, 1972, 11:00 A.M., EST

People involved in all phases of agriculture--from the farm input industries to the consumer end of the agricultural marketing spectrum--account for a smaller and smaller percentage of our work force. Food, including all the built-in maid service that comes with it, costs the American worker less than 16 percent of his take-home pay. It has never been that low before, and it's lower than anyplace else in the world.

The Land-Grant Colleges can take a sizeable share of the credit for this accomplishment in agricultural productivity. Your experiment stations unleashed many of the miracles of increased farm productivity. Your classroom and laboratory instruction expanded the food production genius and the sophistication of agricultural professionals. Your extension service took the lead in translating that genius into barnyard and cornfield knowhow in every corner of this Land.

Looking beyond agriculture, the institutions represented in this room can justifiably claim a lion's share of the credit for most of the progress made in this country's nearly two hundred years of existence. You stand ever so tall in the eyes of the world. Your record of accomplishment--especially the recent accomplishments which many of you have yourselves guided--will be a difficult act to top. Yet, under no circumstances should you rest on your laurels.

Society is making new demands upon you.

During my lifetime, I have watched society progress through three major stages--and we are now embarking on the fourth.

First came the extractive stage. A substantial part of the work force was engaged in occupations which extract wealth from our natural resources--farming, mining, forestry, and fishing. The United States was predominantly an extractive nation until the late 1920's.

The manufacturing stage came next. A technological revolution swept the country. As cities became manufacturing centers, the same revolution swept the countryside, releasing manpower for the nation's mills and factories. Progress came rapidly. Two-car families, color television, air conditioning, appliance-laden kitchens, gadgets, instant breakfast, and no-wrinkle clothes abound today.

The service stage followed. During the past fifteen years, we have emerged into a "post-industrial era" in which more people are employed in providing services than in producing things. The millions employed in serving others--in transportation, finance, recreation, education, health, personal services, and government--outnumber those in manufacturing, agriculture, and other forms of production.

A fourth stage--improving the quality of life--is upon us. The three-day weekend and the four-day work week are closing in. We seek to find better, more rewarding ways to use our increased leisure time. We seek to find more effective ways to prevent our productive and human progress from harming our environment. Some call this stage managing our affluence and our effluence. However it's labelled, we seek to make life as fulfilling aesthetically and spiritually as we have already been able to make it physically comfortable.

The transactions from the extractive stage to the manufacturing stage and then to the service stage required some major reorientation in our concept of work. The transaction to the fourth stage--improving the quality of life--will demand an even more traumatic change because, in many cases, it calls for a dramatic reorientation of our way of life.

You who administer such a vast segment of America's higher education carry major responsibility in preparing people for this change. It will be up to you to make some graduates aware of the need to provide a better life and to make the business and professional community aware of this need. Further, you will have to learn how to teach people to enjoy life--to savor it and to find peace of mind. The old adage--a busy person is a happy person--may have sufficed when everybody had to be busy. It won't suffice, however, when nearly everybody is confronted with leisure.

This change is not because of any great desire to work less. Rather, it's because of a decision to take more time to enjoy life. We are already entering this stage. Wise educational leaders will recognize this and prepare students accordingly.

Don't make the mistake of easing your concentration on productivity.

In our affluent society--where one of our major problems is how to deal with too much leisure and where a second is how to minimize the environmental side-effects which our progress has created--it is all too easy to relegate productivity to a secondary role.

It's not very exciting to talk about productivity. Few students are "turned on" by the possibility of "doing their thing" to boost human productivity. Only a few politicians in this election campaign even uttered the word productivity. Productivity isn't headline, front page, or prime time TV news material.

Yet, increasing human and industrial productivity must remain one of Society's foremost objectives. Our population continues to grow. Each year, a smaller and smaller percentage of our people are involved in productive pursuits. Because of labor laws, general affluence, extended education periods, and an expanding welfare system, an increasingly smaller percentage of our young are working. The age of entry into productive work--all the way from lawn-mowing and clerking in a dime store to nuclear research and public opinion poll-taking--is rising. Furthermore, the effect is double at the top end of Society. More people are living longer, and more people are retiring earlier--thus a smaller and smaller percentage of our older people are involved in productive work.

In short--we all want more, fewer of us are working, and those who are working are working less. There is only one way to achieve all these goals--and that is to increase productivity.

Society's demand for increased productive efficiency will place great stress upon our technically oriented educational institutions--upon the hard sciences, upon engineering, and upon the practical instruction which transforms knowledge into ability. We will continue to need more people who can make things and produce services with less manpower.

World peace and productivity march side by side.

President Nixon has said: "Peace is more than an interlude between wars." The President is working not for just an interlude without war, not for just a generation of peace, but for a century of peace.

That century of peace will be built upon two major factors. First is increased international understanding and confidence. Second is increased international trade. The interrelationship between these two factors is complex, but very important. In fact, peace, trade and productivity are all close partners.

If a nation's international relationships are unstable, it will work hard to be self sufficient. If a nation is stable internationally--if its affairs with other nations are exemplified by cordial trust and peace--then that nation will seek to trade on the basis of its natural advantage.

Conversely, a nation which is self-sufficient can more easily become internationally arrogant. A nation which is not self sufficient--which depends on trade--cannot afford such arrogance.

We are working for peace. With that peace, we will seek trade on the basis of natural advantage--and one of our greatest natural advantages is our ability to produce food. As evidence--look at our \$8.1 billion record in farm exports for fiscal 1972 and our projected \$10 billion farm export achievement which is being built this year.

As the prospects for peace continue to improve, more and more industrialized nations are looking to the United States for food. Meeting that need will require increased manpower efficiency. You must see it as your responsibility to help provide that increased productivity.

The interrelationship between peace, trade and productivity is critical in the \$45 billion gas purchase negotiations now going on between the United States and the Soviet Union. We have moved to build peace between the two most powerful nations on earth. That peace enables us to work with each other to seek areas of trade in which we can both be better off as a result.

United States-Russian trade is really an "energy trade". Russia is short of agricultural productivity--in bread energy in the short run and in protein energy down the road. Russian wheat and grain purchases--to supply bread and to feed meat-producing livestock--are evidence. One of our long term needs as a highly industrialized nation is to have available large and dependable sources of fuel energy--such as the great natural gas supplies which the Soviet Union has available.

We need natural gas--Russia has natural gas. Russia needs food and feed grains--we have food and feed grains. When an agreement is reached for this country to obtain fuel energy from Russia, that fuel won't be paid for with rubles. It will be paid for with corn and soybeans and wheat and sophisticated electronics, for example. We will trade grain, which we can produce abundantly and efficiently (and which Russia cannot produce abundantly or efficiently), for fuel, which Russia has in abundance (and of which our supply is limited and costly to extract).

Peace enables us to improve our national well-being by trading where we have a natural productive advantage. In turn, our productivity makes possible the vital trade which may, in reality, be the adhesive which strengthens an otherwise fragile peace.

You have a Nation's legacy to strengthen and pass on.

Throughout history, Land-Grant Colleges and State Universities have identified with the business and professional life in the states. You have taught the technology of production. You have functioned to create useful knowledge and then you have translated that knowledge in such a way as to train useful people--people who could produce for Society and serve the needs of Society.

With some notable exceptions, the student violence, the demonstrations, and the disruptions of recent years have sprung from universities and from colleges within universities in inverse ratio to the production-orientation of that school. That analysis--admittedly not very scientific--is significant. We have, thank goodness, seen a trend away from such foolishness in recent years. Positive leadership on your part can hasten the demise of such permissiveness.

It is now up to you--the State Universities and Land-Grant Colleges--to instill a sense of personal responsibility in these important and talented young people. If the universities represented here don't do it, none will. As the effective United Fund slogan of a couple of years ago said: "If You don't do it, it won't get done!"

The public is making a substantial investment in your universities. In addition to broadened minds and skill-laden credentials, the public expects a substantial return in the form of allegiance to the American system. It is up to you to get across the fact that Society is making an investment in these young men and women, that Society seeks returns in the form of skill, leadership, insight, and innovation--and that Society also seeks effective support for the principles of America that make this proud legacy of higher education possible.

From within the boundaries of your campuses come many of the secrets which improve mankind. You train those who use those secrets to improve life and to make possible peace. You transfer to those who are destined to be leaders the legacy of our society.

You are not independent entities unto yourself, however. At a time when Society needs you most, you've become--next to politicians and bureaucrats, I guess--one of the forces Society most distrusts. Many people think you've forgotten that Society doesn't work for you but that you work for Society.

I know better than that--and so do you. But it's time to rethink whether or not there is any merit in Society's charges and whether higher education hasn't let academic arrogance pinch-hit for earned public understanding. I've always defined good public relations as doing good and getting credit for it. Historically, you've done good. Historically, you've gotten credit for it. That's why you are a power in Society today. You earned it.

What about tomorrow? A dynamic power must be productive. Society says so. Society sets the demands. Society will be the judge.

For P.M. Release, Nov. 14, 1972

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Just one year ago today, the Committee on Agriculture and Forestry of the United States Senate began hearings on my appointment as Secretary of Agriculture. You will recall that those hearings were not exactly non-controversial.

On the third day of hearings--November 19--your National Master John Scott testified on behalf of the 600,000 members of the National Grange. He supported my nomination as Secretary of Agriculture. It was a forthright statement. Perhaps most important, John Scott offered the cooperation of the National Grange in our efforts to serve the interests of this Nation's farmers.

Your support one year ago, and your pledge of cooperation, were deeply appreciated. Likewise, your support last spring and summer during the food price controversy and your support of the wheat sales to Russia clearly indicate your dedication to farmers.

It is appropriate that the oldest of our farm organizations should exhibit such solid maturity and good judgment in its public stands. You have increased the self-confidence of your members. Your stature in the broader community of farm people has grown as well.

Address by Secretary of Agriculture Earl L. Butz at the 106th Annual Session of the National Grange, Hartford, Connecticut, November 17, 1972, 12:00 Noon, EST

Your Annual Session brings my first opportunity as Secretary of Agriculture to come into Connecticut. I appreciate being able to join you in this area of the country where the Grange has such a strong tradition.

The New England States do a marvelous job providing a large share of the food demanded daily by the most densely populated area of the country. New England produces annually \$1.4 billion worth of dairy products, more than one-fifth of all the dairy products marketed nationwide. New York and Pennsylvania rank second and fourth, respectively, among all states in dairy product sales.

New England produces more than one-fifth of the Nation's potatoes--Maine is second and New York fifth in potato production nationwide. This region produces more than half of our cranberries--with Massachusetts being number one; and you produce two-thirds of the Nation's mushrooms--with Pennsylvania being way ahead of any other state.

The eggs, poultry, fruits, vegetables and other products grown here do a superb job of balancing the daily diet of millions of Americans. Many of our most urban people think of you when they think about farmers because your farms are closest to them. Considering that fact, it seems most appropriate that the National Grange meet for the 106th Annual Session in Hartford to pay tribute to New England agriculture.

I have enjoyed a long and cordial relationship with your organization. Your late immediate past National Master Herschel Newsom was from my home State of Indiana. I was also privileged to know and to admire your past National Master Albert Goss--one of America's truly great agricultural leaders. I know that this Annual Session is a working meeting. You have already been at work for several days, and several days of long meetings still remain.

You are tackling the toughest of issues facing farm people. You are hammering out the details of a farm policy which will serve as the basis of your organization's legislative efforts on behalf of your members in the year ahead.

As you look ahead, I am looking ahead with you. So is the Department of Agriculture and the White House. The Congress is looking ahead too.

The Agricultural Act of 1970 expires with next year's crop. Thus, farm program legislation will have top priority in the year ahead. It is up to Congress to pass a farm program. The National Grange, and all farm organizations, will submit proposals. That is a responsibility of voluntary, independent farm organizations.

At this point, we all share deep convictions on a number of things which we do not want for farmers down the road.

1. We DO NOT want to do anything to sacrifice the improving income position of American farmers which, in President Nixon's words, "has only begun to approach reasonable levels."

During the 1960's, the per-capita income of farm people averaged only 67 percent of the average income of non-farm people. Total net farm income this year, which will finally break the record set 25 years ago, will raise the average income of farm people to 80 percent of that of non-farm people.

We must not let farm income slip back to the levels of the 1960's. In fact, I will not be satisfied as long as farmers are working for even one percent less than non-farm people.

2. We DO NOT want farmers to become any more dependent for their income on payments from the Federal Treasury.

Farm program payments this year will total about \$4.0 billion. That amount is equivalent to about 7 percent of our record cash receipts and 21 percent of our record net farm income of \$18.8 billion in 1972. That is too much dependence for farmers to have on a Congress which is increasingly urban-based and consumer-oriented.

Farmers should give serious attention to the consequences of this situation. Farmers do not have income security as long as the Congress is in a position to slash farm receipts by more than a fifth with just one act of legislative arbitrariness.

If farmers want to enhance their income position, and not harm it, they will need to move toward getting more income from the market and less from government payments.

3. We DO NOT want to return to the devastating loss of farms which we experienced in the 1960's.

During the decade of the 1960's, we lost an average of more than 100,000 farms each year. Last year, we lost 45,000 farms. That's still too many to lose. We all want to do better.

In fact, we must make a real effort to reman the farms of America. We are about 10 years behind right now. The average age of farmers today is 51.2 years of age. That's too old for an average. We must make it desirable for aggressive young farm people to make farming their career. That means farming must be as attractive as the other opportunities facing our competent farm youth.

4. We DO NOT want to risk excessive production, expensive surpluses, and depressed prices.

Only devastated farmers and desperate rural communities would result. We have a farm production plant--land, labor, management, capital, and know-how--already geared to producing more than we can currently market at satisfactory prices.

We cannot do without a soundly-structured farm program to deal with our excess capacity. Yet, we must have a farm program which will bring idle acres back into production judiciously to supply growing markets while continuing to improve farm income.

5. We DO NOT want to endanger the competitive position of American farmers domestically or abroad.

American farmers have a natural comparative advantage over farmers the world over in the production of many important farm commodities. For that reason, American farmers are in a strong position to compete for foreign markets. The efficiency of American farmers--with their high productivity--makes this competitive position possible.

We do not, therefore, want to foolishly push for artificially high prices for our farm products. This would hurt domestic markets for our farm products as well as encourage imports and substitutes. If we are not careful, we could encourage additional production abroad to compete with our farmers for both our domestic and international markets.

6. We DO NOT want to take back from farmers the decision-making options, the freedom to plant, and the freedom to market which have just recently been returned to them.

Farmers are better decision-makers--for themselves and the economy--than any committee of government bureaucrats. Farmers know better than anyone else how best to use their resources to make a profit. When farmers keep supply in their hands and retain the right to make marketing decisions, then farmers can make decisions to market at the best prices and earn the profits for carrying the crop from times of lower prices to times of higher prices.

7. We DO NOT want to do anything to weaken the cornerstone upon which World Peace is being built.

Peace is a fragile state at best, but peace is stronger when the nations involved build bridges of mutual benefit and exchange. We are doing that with Russia and the People's Republic of China.

One of President Nixon's strongest negotiating positions in his peace efforts has been the great productivity of the American farmer. For instance, Russia clearly needs the food grains and feedstuffs which we produce if she wants to increase the animal protein component of the Russian diet. On the other hand, we need gas resources which Russia has available. A \$45 billion gas trade arrangement between Russia and the United States is now the subject of negotiations. If an agreement is reached, that gas won't be paid for with Russian rubles. It will be paid for with corn and wheat and soybeans.

Clearly, a boatload of wheat or corn or soybeans may well be the key cornerstone of continuing World Peace. We all cherish peace so dearly that we simply cannot pull back from the important role American agriculture plays in World Peace.

Keeping clearly in mind these consequences which we seek to avoid in farm legislation, let's consider the key questions which every farmer, and this organization, must weigh in determining what kind of farm program we will seek in 1973.

* Do we want an expanding agriculture--or a shrinking agriculture?

An expanding agriculture is the best solution to declining farm numbers. A shrinking agriculture can't help but hasten the exodus from farming. An expanding agriculture is the best possible promise for farmers to earn more income from the marketplace. Under a shrinking agriculture, the only source for increased farm income would be the Federal Treasury.

An expanding agriculture is the best foundation for sound and effective rural development. A shrinking agriculture reduces rural development to no more than an empty futile slogan. An expanding agriculture lets American farmers take advantage of their competitive advantage in worldwide farm production--and compete more strongly for the growing worldwide market. A shrinking agriculture would relinquish those markets to foreign governments.

* Do we want voluntary programs--or rigid mandatory controls?

This Nation's nearly 45-year history of government farm programs has clearly proven one thing: High per unit price supports require their inevitable Siamese twin of rigid controls.

High price guarantees make it hard to balance production with use; they encourage excessive production; they discourage increases in consumption; and they hold an umbrella over the development of substitutes at home and increased foreign competition abroad. Further, politicians have never been quite willing to adopt controls strict enough to make these high-price guarantees work.

Voluntary controls are not compatible with excessive government price guarantees. Farmers are just too skilled at using the pencil: they know what excessive price guarantees do to the market, and they soon calculate a greater return by staying out of the program. Then production surges upward, surpluses mount, high government price guarantees inhibit trade and domestic sales--and the only way to get production back in line, while maintaining those high per unit price supports, is to slap on rigid, mandatory controls.

* Do we want a market-dominated agriculture--or a government-dominated agriculture?

A market-dominated agriculture is forward-looking. It lets farmers make production decisions based on profitability which reflects demand. It tends to let farm production shift and adjust as farmers make up their own minds about which commodities they can produce best. In contrast, a government-dominated agriculture is, almost by definition, backward-looking. Production becomes based on historical patterns and crop histories--yesterday's rotations and yesterday's yields.

A market-dominated agriculture will help farmers avoid the pitfall of becoming dependent for their incomes and welfare upon a consumer-oriented Congress. A government-dominated agriculture makes farmers overly dependent on muscle at the ballot box which, in reality, is diminishing as far as farmers are concerned.

* Do we want farmers to have leverage in the marketplace--or government to have leverage in the marketplace?

Programs designed to increase farmers' leverage in the marketplace give farmers more control over their planting and marketing decisions. Government leverage in the marketplace reduces farmer decision-making.

When farmers control reserves--then farmers call the tune, farmers earn the bulk of income that's made from storage, and farmers benefit from any equity gains. When the government controls reserves--then farmers lose their options, and profits go to firms who store grain for the government. Further, farmers have yet to voice anything but universal criticism of the pricing and timing of government-held commodity sales.

The National Grange has a tradition of careful deliberation over farm program legislative debate. Farmers will be directly affected by farm policy decisions made in 1973. Farmers, therefore, and the Grange have a responsibility to speak up in answer to these critical farm policy questions.

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For P.M. Release Friday, Nov. 17, 1972

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THE CHOICES BEFORE US

On an occasion such as this 37th annual convention of the North Carolina Farm Bureau Federation, some words of President Nixon strike me as especially appropriate. He said: "Our people are great, not so much because of what government has done for them, but because of what they have done for themselves."

Those words well convey the spirit behind Farm Bureau and its great record of accomplishment, here in North Carolina and throughout the Nation.

I wish that farmers the world around, who envy the superiority of American agriculture, could have watched Farm Bureau's progress, as I have done since I was a youngster and went with my dad to the first local organizing meeting of Farm Bureau in my home county in Indiana. Farmers trying to fathom the secrets of agricultural success in America could do no better than learn how Farm Bureau has banded people together to get things done.

Like many of you, I saw Farm Bureau gather strength. I saw it become organized at State levels, and I saw it welded together into a national federation of brains and resources dedicated to helping farmers help themselves. It helped farmers forge farm policy. It helped farmers stay independent and self-reliant. It helped play a leading part in bringing about the amazing progress that has taken place in agriculture over the years, just as it has been a positive force here in North Carolina since your Federation was established 37 years ago.

Address by Secretary of Agriculture Earl L. Butz, North Carolina Farm Bureau Federation, Durham, North Carolina, November 22, 1972,

Farm Bureau succeeds because it takes a common-sense approach to agricultural affairs.

You pick good leaders. You have consistently chosen for your top posts men of courage, experience, and solid judgment--men more interested in building progress than raising dust.

From the county on up, you put democracy into practical action when you determine policy. Your members have an opportunity to be heard, and they use it. When your policy positions are hammered out and ratified, one thing is certain--they represent the will and decisions of your membership.

Farm Bureau has always striven to get a fair return for farmers--and you have fought for better opportunities for farmers to earn that return from the marketplace. That kind of economic common sense is what keeps American agriculture dynamic and on the move.

Through the years, Farm Bureau has set a sound course of political impartiality. You and your leaders recognize the risks of becoming dependent on an increasingly urban Congress which, in a whim of legislative arbitrariness, could pull the rug out from under you.

Your broad goals for farmers make sense because you have sidestepped blind adherence to strictly commodity interests. You have successfully avoided the pitfalls of narrowness--pitfalls that divide and set farmers against farmers. You are a stronger and more solidly united organization as a result.

Above all, Farm Bureau has never abandoned its heritage of principles on which it was founded.

Few organizations--by creed or action--are so firmly dedicated to individual liberty and free enterprise. You don't just mouth those principles. You act them. You make them work. You make them real. You have not let selfish interest divert you from your loyalty to those principles.

This explains why Farm Bureau and its members can claim generous credit for making farming the noble profession that it is today throughout America and here in North Carolina. From the coast to the Smokies, from Virginia to your sister Carolina to the south, you possess an agricultural community that in many ways could serve as a model of the challenges, the problems, and the growing opportunities to be found in American agriculture.

You rank among the Nation's top farm States, with cash receipts from farm marketings well in excess of 1 and 1/2 billion dollars a year. During the first three quarters of 1972, cash receipts of North Carolina farmers ran 11.6 percent greater than those of your record-breaking year of 1971. In fact, this rate of gain exceeds the national average increase that's taking place. There's plenty of evidence that this State's agriculture has great vitality and growth potential.

North Carolinians understand the importance of foreign sales.

Among all the States, North Carolina ranks fifth in farm exports. In the fiscal year that ended last June 30, farmers of the Tar Heel State earned \$420 million from sales abroad. The biggest part of your export revenues came from tobacco, as I'm sure you might have guessed--\$302 million from leaf alone.

I share your pride in this valuable product--Mrs. Butz has two brothers who are North Carolina tobacco farmers. You produce the world's best flue-cured tobacco, and in any given year 40 to 50 percent of what you grow goes into export. Compared with other basic commodity programs which the Department of Agriculture administers, the tobacco program is relatively stable and inexpensive to the Government and of course this product is a tremendous generator of tax revenues as well as providing the basis of your tobacco manufacturing industry.

By and large, the tobacco program is working well. Tobacco will continue to play its part in helping all agriculture achieve a \$10 billion farm export level this fiscal year. When President Nixon set that goal, about a year and a half ago, few imagined it could be reached so soon.

However, the President had confidence in the strength and competitiveness of American agriculture. He was prophetic in his vision of expanding overseas markets. His leadership, together with that of organizations such as the Farm Bureau, contributed to targeting farm output more directly toward expanding markets. That's the course on which we are embarked. It is the only sensible course...to derive more farm earnings from growing markets so that there is less reliance on Government payments.

This direction has already brought healthy changes--new freedoms for farmers, improved efficiencies in farming, more unused acres coming into production--and it can be credited for much of the improvement in the farm income picture. We've made substantial progress in that regard, and want to keep doing better.

The big question is, can we keep the momentum going?

That's one of the great choices that lie ahead. Decisions by North Carolina Farm Bureau members will have a bearing on the answer.

Coming back to tobacco, for example, we know that North Carolina leaf is outstanding in quality and flavor. But tobacco, as with any other commodity, must stay competitive in order to hold its export positions. Price is also an important factor. In today's world where the vast majority of countries exist on an economic level far lower than ours, competing tobacco-producing nations can often beat us on price.

You've seen how farm prices for tobacco have strengthened quite dramatically in recent years. You also know that higher and higher price levels are capitalized into higher land values. This kind of trend can encourage other countries to slide under your price umbrella and increase their production.

Let's work together to keep our commodities competitive, using all the ingenuity and statesmanship and good Farm Bureau common sense that we can muster. We need flexibility and leeway to compete price-wise as we continue our drive for bigger and better overseas markets.

It is reassuring, meanwhile, that you folks in North Carolina are making sensible shifts away from a one-crop farm economy. You are exercising your choice to develop livestock, feed grain, and soybean production along with the poultry and dairy products which are so important to your economy, and that is all to the good.

You can make your choices known as the debate over future farm policy takes place.

The Agricultural Act of 1970 will expire with the 1973 crops. Between now and then, the new Congress will have to consider new farm legislation. Through Farm Bureau, you can take part in this vitally important process of deciding agriculture's future course. You will have crucial questions to think about, discuss, and decide. Let's list just a few:

Do we want an expanding agriculture, or a shrinking agriculture? The choice is whether to continue the thrust of the past four years, or return to the false security of rigid programs of the past.

Speaking of programs--do we want voluntary programs, or rigid mandatory controls? If we've learned one thing in the 40-year history of Government programs, it's that high per unit price supports inevitably require their Siamese twin of tight Federal controls.

Do we want markets and a marketing system run by farmers, or do we want Government to dominate the marketplace? Agricultural production and management, oriented to markets, will encourage production shifts and adjustments, as domestic demand changes and as export outlets grow. A government-dominated agriculture, in contrast, is backward-looking. Production is based on historical patterns and crop histories--yesterday's rotations, yesterday's yields, and yesterday's share of the market.

I think you know how Earl Butz stands on these questions. You can count on me to push for ways to let farmers manage their own affairs, to let farmers produce for their own best market advantage, to give farmers more "say" over the prices they receive and their terms of sale.

We want family farmers to have the chance to grow and have their fair share of the Nation's economic expansion.

The common-sense decisions that Farm Bureau and other farmer organizations make in submitting their proposals for farm legislation can assure that we maintain the forward momentum. You can help assure that American agriculture through its high productivity, will continue to be a real force for achieving a Generation of Peace in our lifetime. You can help reduce agriculture's dependence on an urban Congress at this stage in history where farm program payments of \$4.0 billion are equivalent to 7 percent of our record cash receipts and 21 percent of our record net income.

You can help stem the outflow of rural people to America's over-crowded cities, by strengthening the agricultural base of our rural communities. You can grasp the new opportunities being opened up by the Rural Development Act of 1972 to encourage private capital investments in North Carolina communities and North Carolina people.

As you look down the road, you will find many ways in which Farm Bureau as an organization and you as individual citizens can take a hand in the exciting work of building a better State and a better Nation. Seek them out. Act on them--in the determined way so characteristic of Farm Bureau.

There's a line in a North Carolina verse which may be familiar to many of you--it speaks of North Carolina, "where the weak grow strong, and the strong grow great." Those words capture the philosophy of the goals of our farm programs and rural development efforts.

And so, as you deliberate on choices for the future, let me conclude with the entire verse as a tribute to you and the Tar Heel State:

"Here's to the land of the long-leaf pine,
"The summer land where the sun doth shine--
"Where the weak grow strong, and the strong grow great.
"Here's to down home, the old North State."

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A NEW DAY--A NEW WAY

A year ago, 4-H celebrated its 50th birthday. Today, this great meeting of young people from all parts of the country marks the 51st year of the National 4-H Congress and the 51st year of the National 4-H Service Committee. You have a provocative theme for this important event--"A New Day--A New Way."

Those words cover a tremendous scope. They speak of the ideas and possibilities and challenges for all the youth of America. They convey your curiosity and zeal for the new, for the different, for the better. Also, let's be frank about it, they suggest impatience with the past and with the old ways of doing things.

That's a healthy attitude--there's nothing wrong with it, so long as the goal is to strive constructively for something better. That has been a hallmark of 4-H through the years. Some of you folks here in this auditorium may have been impatient and disillusioned about the generation that I represent. But you didn't cop out. You didn't waste your energies on protests just for protest's sake.

It's typical of 4-H people that you are always working to do things that count for something. I want to compliment the rank and file of 4-H members for recognizing the contributions that your parents have made to our economy and our American society. You've never tried to toss everything out with the bath water. I commend you for trying to build on the foundations, imperfect as they may be in places, which you have inherited from the past.

We've come through an interesting generation in my lifetime.

Your parents' generation put America on wheels. We built the highways and airports you used, coming to this meeting. Your parents' generation made electricity available to homes throughout the land, and created the wonders of TV and electronic communications.

Your parents' generation made possible central heating and central plumbing. How many of you have five rooms and a bath? When I was growing up, we had four rooms and a path!

Imagine sitting at a meeting like this 30 or 40 years ago. You would take it for granted that a sizeable percentage of those present would not live very long because they would be victims of scarlet fever, diptheria, or typhoid fever. You don't have that kind of nagging fear--you live free of worry about being crippled by polio because of the vaccines your parents' generation developed.

When I was a youngster, we expected to see someone around town hunch-backed with bovine tuberculosis contracted from drinking milk from a tubercular cow. You don't see that any more, and your chances of coming down with undulant fever are near zero because we are reducing swine and bovine brucellosis.

Your parents' generation moved most of the Nation's youngsters from the one-room schoolhouse to consolidated schools, and we're not exactly ashamed of that. How many of you have two automobiles, or more, in your families? Let me see your hands. How many of your homes have two TV sets? How many have central air-conditioning in your homes? Let me see your hands? There's no place on earth that I would get a show of hands like that, except here in America.

It was your parents' generation that achieved mankind's dream of putting a man on the moon, something that people scoffed at only a few years ago. It was your parents' generation that made possible the high level of affluence we all take for granted today.

Much more remains to be done--and you will be part of the action.

When you hear people talk about this decadent America, and the failures of my generation, look at the bright side and see where there have been some successes. There have been some pretty fair successes--and they help give you a running start on the big responsibilities that you will assume for carrying forward.

Your parents' generation kept this America of ours pretty solid. It kept the doors of opportunity open--and kept a viable system so that there is hope for you. You can see a bright sun at the end of the tunnel down life's highway. My generation did that, and it wasn't especially easy.

Now it's becoming your turn to build and improve on what we have done. Many of you have the right to vote--and with that right come new obligations of citizenship, which will grow ever more significant as you get older. In your careers, whatever they may be, as you earn livelihoods for yourselves and your families, you will also be earning money to pay the taxes and keep government going at local, State, and Federal levels.

Most of you--and I hope all of you--will come to the day in the not-too-distant future when you will be taking your own, full-fledged part in the scheme of things, in this vast, complex organism of American society. Much will depend on how well you perform your role, and how well you are prepared for it.

This is why 4-H is such an important and invaluable force in all parts of our Nation--a great training ground for you who will be a vital part of tomorrow's action. Through 4-H programs and facilities, you can start right now--as many of you already are doing--to come to grips with those problems that need to be solved in order for America to keep making progress toward the never-ending goal of a "more perfect Union."

4-H possesses unique potentials for achieving the better America we all seek.

It would be difficult indeed to identify any other youth movement which has your scope, in urban centers as well as rural areas; one with your heritage of successful leadership development; or one that so well exemplifies teamwork among young people and adults--over half a million volunteers, private sector business and civic groups, government at all three levels, and the partnership of major Land Grant and other educational institutions.

It would be difficult to single out any other youth organization that really gets down to learning through doing, in the way 4-H people do. Wherever you have 4-H Clubs, you make a serious effort to become involved in the real world, and I hope you resolve to increase that involvement. For each 4-H member's own individual good, it will be important for young people and private business, industrial, and agricultural enterprises to know each other better--and to work together as full partners.

The unique promise of 4-H is enhanced by the generous support--in leadership, expertise, and money--provided over the past 51 years by a broad spectrum of private business organizations. This year, for example, the Santa Fe Rail Road is being recognized for 50 years of support, and the Carnation Company for 25 years' assistance to the National 4-H Service Committee.

Just last month the W.K. Kellogg Foundation of Battle Creek, Michigan, provided \$1.5 million for expansion of facilities at the National 4-H Center in Washington. In July of last year the same Foundation granted more than \$1.2 million to the National 4-H Club Foundation for support of 4-H programs throughout North and South America. Other Foundations have likewise been generous in their support. Businesses and industries that donate to 4-H practice what they preach. They are concerned about America, and about how you build a better America. They care. Get to know them during this Congress.

It's largely up to you as to how well you use the launching pad that has been constructed for 4-H.

The entire 4-H team which I have described--and you delegates to this Congress are the key elements--needs to start doing the hard thinking and basic planning here and now, and during the months ahead, to determine the future of 4-H. Will you be meeting the needs of America's young people effectively, not only in 1976 when we celebrate our Nation's bicentennial, but in the decade of the 1980's?

It's urgent that boys and girls and young adults take a hand in making these decisions, all up and down the line from your local club to the national developmental committees. I say to you who are delegates to this Congress, make your time count in Chicago. Give meaning to your "rap sessions" and discussion groups. Take a hand in charting the course ahead.

Our country is so big and complex, and your own 4-H movement so broad, that there will be plenty of room for major thrusts of activity. For fiscal year 1973, the Congress earmarked \$7.5 million for the Cooperative Extension Service to expand 4-H programs in urban areas and community development programs in non-metropolitan areas. Program emphases such as these do not conflict with each other, because they point in a single direction--toward healthy, more balanced growth for all America.

One of the achievements of your parents' generation of which I am particularly proud, because of the dominant part played by USDA and the agricultural community, is the reduction of poverty-caused hunger. Food assistance, public health programs, and agricultural productivity enable Americans on welfare to live better than the top one-fourth of the population anywhere else on earth. Yet the task is far from completed.

I refer to more than the pockets of poverty and malnutrition that still exist in inner cities and remote rural places. Good nutrition is a universal concern for all Americans, wherever they live. The ultimate answer to the question of how to get the best nutrition depends on people's understanding of diets, proper food storage and preparation, and what good nutrition really means. In other words, nutrition education. I commend those of you who are trying to make the words "good food" and "good nutrition" really mean something.

No matter where you come from, your 4-H Club can make an impact in nutrition education, in health and safety, in fighting pollution and building a better natural environment, in helping see to it that science and technology, transportation and communication are all aimed at improving the quality of life in America. You are moving into an era of excitement and fulfillment--I envy the opportunities that lie before you.

Your challenge is to make our American system move on at an even faster pace to accomplish more good for more people.

The highway behind us may have been rough in spots. But it has brought us to where we are today--and it leads to possibilities not yet dreamed of. We have a free enterprise system which will continue to reward those with imagination, ambition, and the will to work and produce. We have a national structure built on law and order, which will protect us as long as it is operated by competent, dedicated people...and from personal observation, I can say that both in government and private industry, we have that kind of people.

This good old American system works--and it has tremendous future potential. It's thrilling to realize that. It's thrilling to know that within reach is a new era of worldwide understanding, a generation of peace, which our American system is helping to achieve.

You of 4-H will figure prominently in the successful quest for that goal of peace, because I am confident you will continue to build bridges of understanding and help other countries help themselves along the way to better and happier times. This year marked a quarter-century of 4-H involvement in the International Farm Youth Exchange program--now at work in 82 countries seeking understandings and friendships for lasting peace.

So I urge you to take utmost advantage of the opportunities you have to fathom more effective program activities, and to produce new leaders, and to find new ways for young men and women to enter into the mainstream of American life. If you do that--if you create the new way--I'm sure that when you get to be my age, you can look back with satisfaction that you helped make possible for America a new and better day.

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For P.M. Release, Nov. 26, 1972

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RURAL AFFAIRS EDITOR IN AN URBAN ENVIRONMENT

Farmers do lots of thinking. Farmers do lots of reading. It stands to reason, then, that people who write for farmers have a profound influence upon the thinking of American agriculture.

People who understand farmers best know that farmers put in many an evening of work--and often a few minutes at noon--pulled up to a desk or in a comfortable chair reading and pondering farm magazines and newspapers.

Over the years, farmers have depended upon the farm press, and farmers have responded to responsible farm reporting. I would imagine that more farm progress can be attributed to new ideas and developments gleaned from the farm press than to any other single source. The farm press has been--and continues to be--a remarkable educational tool.

Farm news and farm market information have come to farmers on the printed page. Farmers make key decisions based on what they learn from the farm press. Farmers count on farm editors to get the story straight and to sort out what's important--and they expect market news to be timely and accurate.

Remarks by Secretary of Agriculture Earl L. Butz at the Richard Orr Portrait Dinner, Saddle & Sirloin Club, International Live Stock Exposition, Chicago, Illinois, November 26, 1972, 8:00 P.M., CST.

Farm issues have never been in short supply throughout the countryside. Farm editors have helped to sharpen farmers' focus on key issues. Farm editorial writers have sought to mold thinking and phrase opinions. As a result, farmers have found themselves "for" or "agin" alternatives or viewpoints which they have understood and could defend.

Five farm editors have made their way to the post of Secretary of Agriculture--Norman J. Colman (the first Secretary), J. Sterling Morton, Henry C. Wallace, Edwin T. Meredith, and Henry A. Wallace. Those men had a great impact on American agriculture. They could articulate where they stood on farm matters--to farmers and to non-farmers alike.

I have not shared with those Secretaries of Agriculture the distinction of being a farm editor. But I have felt a kinship with farm editors all of my working life.

First, farm editors are really educators. They are educators at the vital point of the informational process where the reader either uses the information he gets, or he doesn't. Success to a farm editor is to see his material in use; to see it make a difference in the life of the reader; to serve by helping his fellow man make more money, save expenses, find an easier way, or in some other way have a fuller, happier life.

A second reason that I have felt a kinship with farm editors is that my efforts as an educator at a Land-Grant institution have been multiplied by the work of farm editors. They have taken material and information that I have helped prepare and they have sown it on fertile ground, in fertile minds, all over Indiana, the Midwest and the Nation. I am grateful for that, and I understand its importance. Now, as Secretary of Agriculture, I know that much of the success of our USDA team is largely in their hands.

Third, I like farm editors because they, and I, enjoy putting ideas into words. The tools of my trade, as a professor and as a Dean, were ideas and words--and that is true even now as Secretary of Agriculture. I respect those who make a career of shaping and using words. Words have had much more impact on history than guns. The journalists and farm editors have not only written the history of American agriculture as they plied their trade, they have shaped the history of our agriculture. In turn, our agriculture has shaped the history of the Nation, and this Nation has shaped the history of the world.

Fourth, I would say that I feel a kinship with farm editors because I hold a life membership in Sigma Delta Chi, the professional organization of journalists. That in itself, I trust, demonstrates my interest in what farm editors do.

Considering the impact which the farm press has had on agriculture, it's most fitting for the Saddle & Sirloin Club to honor Richard Orr of the Chicago Tribune. Not only has Dick been "Mr. Farm Editor" in the historic sense of that title--but, more than that, he is already a step out ahead of the times in his approach to farm editing down the road.

I join you in saluting Dick Orr for his great contribution to the Livestock Industry--and to all of agriculture. At the same time, we commend the Chicago Tribune for its continuing efforts to keep the news of agriculture--which is vitally important to this city and to this section of the country--before its readers.

Dick Orr has served agriculture with distinction. While doing so, he has set the example for perhaps the greatest single challenge facing the farm editor--and perhaps all of agriculture--in the years ahead. That task is to tell the story of farmers and of agriculture to an increasingly urban public.

The traditional role of the farm writer has not been--and need not be--abandoned. Informing farm people will remain a vital function. Informing rural people will also continue to deserve much attention. Yet, informing urban people--and becoming an interpreter of agriculture--is the real challenge ahead. Meeting that challenge will demand the kind of adaption and the broadened scope which Dick Orr's reporting exemplifies.

It is significant that Dick Orr has made **his** mark in an urban setting. Many large metropolitan dailies do not have a farm editor. Some have not had one for some time. Some have never had anyone who even remotely resembled a farm editor. So Dick Orr's situation was unique to start with. He recognized the challenge. He has adjusted. He has survived. He has thrived. He has risen in prominence.

Dick Orr's vision, and that of the Tribune, are probably best attested to by Dick's new title--Rural Affairs Editor. That broadens his format and it will widen his readership. Increasingly, the bulk of Tribune readers--even beyond the suburbs--are neither farm people nor people in jobs related to agriculture. Fewer and fewer people have even been on a farm! On top of that, rural development is catching on and public concern for the countryside is mounting. More and more people are attracted to news about rural America. Thus, farm matters may ultimately enjoy a wider public exposure because Dick Orr has now taken on a broader audience.

Dick Orr's performance, and the string of accolades which have been attached to his pedigree, indicate that he has grown in utility. Not every farm editor steps up onto the prestigious--and influential--editorial board of a newspaper, especially one like the Tribune.

Dick Orr's reporting has a special vitality about it. He has captured the character and the personality of farmers and he has shared it with his readers. He will capture--perhaps even help mold--the character and personality of rural America. No doubt it will begin with the qualities of hard work, productiveness, integrity, and responsibility with which Dick's readers have come to know the farm people he has written about.

Dick understands that people want to read about the personal side of a story--and he knows the personal side. When he covers the steer show here at the International, he features the boy who fitted the steer and showed it to the championship. He doesn't let the steer's rate of gain overshadow the boy whose hard work made that rate of gain possible.

Dick Orr knows that city people are interested in a continuing supply of nutritious and healthful food. He has dressed up the great food story of the American farmer so that city people like to read it. Because of Dick's columns, city people pride themselves in knowing a little more about farm matters. Dick uses the flanking approach sometimes--he doesn't tackle every tough problem head on. But he's effective. That's what counts.

I have known Dick Orr a long time. Our paths cross often. That's been especially true this past year while farmers have been front page news. When I look out from behind a press conference podium and see Dick Orr chewing patiently on that pipe, I can always expect three things.

First: He knows what's going on. He knows what everybody--the city man and the farmer--wants to know about the issue at hand. He knows the facts.

Second: He is going to ask the important questions. He will get to the heart of the issue. He will keep probing until he gets the explanation he seeks.

Third: When Dick's story gets into the Tribune, it's going to be right. It's going to be understandable. When farmer and commuter alike read it, they know they have gotten the straight story and enough facts to make a sound judgment.

That's why we salute Richard Orr tonight.

For P. M. Release, Nov. 27, 1972

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QUESTIONS FARMERS FACE

America's agricultural community is huge, complex, and diverse. Within it, you are bound to find competing elements and contrary points of view. It's quite typical that you don't see farmers agreeing unanimously on every issue. Even a soaking rain can mean good news or bad news, depending on how farmers look at it.

It is neither unusual nor necessarily bad for honest philosophical differences to exist. Whether we are talking about agriculture or any other aspect of economic or political affairs, we can count on having differences of opinion. We can be thankful that in a democracy such as ours, all of us have the right to voice our differences. We have the right to uphold the positions we take, as we seek the better way toward that "more perfect Union" envisioned by the Founding Fathers.

As Secretary of Agriculture, I am aware of the basic differences in position expressed by some of the officials of the National Farmers Union and some officials of your State organizations with regard to the Administration farm program as well as toward me personally. I appreciate this opportunity to share my thinking with you.

Nebraska farmers are known for their independence, their progressiveness, and their common sense. I'm not going to take time to praise you, much as I'd like to, for the important contributions you are making to the economy of the Cornhusker State; but I do commend the Nebraska Farmers Union leadership on having an open mind and inviting me to tell my side of the story.

Address by Secretary of Agriculture Earl L. Butz, Nebraska Farmers Union, Kearney Nebraska, November 29, 1972, 1:00 P.M., CST.

Also, much as I would like to, I do not intend to spend a lot of time describing the substantial gains that have been chalked up for farmers under the Agricultural Act of 1970.

At my confirmation hearing a year ago, Tony Dechant called the present farm program a "fiasco." You know the facts. You know how farm prices have strengthened. You know about the dramatic improvement in farm income. You know that more farmers are taking part in commodity programs than ever before. You know that most farmers prefer to operate free of quotas, acreage limitations, penalties for over-planting, and all the other impediments to growth and profits.

It took hard work and the leverage of the 1970 Act to get us where we are today. With brighter hope than it has known for years, the Nation's farm economy is moving toward greater markets, larger sales, and better earnings for farmers. Quite a fiasco!

As new policy is determined, farmers face fundamental and mighty important questions.

The 1970 Act expires with next year's crops. During the months just ahead, farm organizations and the new Congress will face the task of deciding on new policy and new legislation. This is the time to give serious thought to the directions we establish for agriculture. Let me list a few of the important questions farmers face, with some brief comments.

Do we want an expanding agriculture? The alternative is a shrinking agriculture. In these fast-changing times, there's no such thing as maintaining the status quo. You either move ahead or drop behind. I believe farmers want growth and expansion, opportunities to make the most of their competitive advantage in worldwide farm production--and to compete more strongly for growing world markets.

Do we want programs that will help farmers stand on their own feet--or do we want to encourage farmers to rely more and more on Uncle for a large part of their income? This year, farm program payments amount to \$4 billion. That is equivalent to 7 percent of our record cash receipts, and 21 percent of our record-high farm income. As we all know, the new Congress will be largely oriented to city people. We also must recognize that it's extremely doubtful that the public will have much enthusiasm about ever-increasing expenditures for farm payments. The cost of farm programs should concern us all as we map out future policy.

Another related question--what is better, voluntary programs or rigid mandatory controls? If there's one thing we have learned in the nearly 40 years of Government farm programs, it's that high per unit price supports aimed at upholding parity levels based on the kind of general farming that prevailed in the horse and buggy times of 1910 simply don't make sense. Inevitably they require their Siamese twin of rigid and costly Federal controls. I don't see evidence that farmers want to retreat to that.

This is the time to get up to date in our thinking and planning.

Everybody in the agricultural community needs to give deep thought to perhaps the most important question of all. Who is going to control, if not own, agriculture 5, 10 or 20 years from now?

Some alarmists foresee farm production, in the not too distant future, dominated by a comparative handful of huge, corporate conglomerates. I strongly doubt that the Congress and the Nation will let that happen. You can be sure that Earl Butz will do all he can to prevent any such trend.

The fact is that the issue of so-called corporate farming is receding. The number of huge conglomerates in agriculture is declining. Such increases as are taking place in corporation farming pertain for the most part to family farm operations. They incorporate to improve continuity of ownership and avail themselves of other advantages inherent in a corporate form of organization.

To make agriculture profitable, we must go on the offensive. Be positive and make the most of the advantages created by the new climate here and worldwide.

Most Nebraska farmers understand that family farming in the last quarter of this 20th Century will be a business proposition. The family commercial farm must be big enough to make most efficient use of modern technology and land resources. It must command access to adequate credit and financial assistance. This kind of farm business deserves every advantage it can get from revised and updated tax laws.

Expanding family farms, including some family corporations, will continue to form the real backbone of agriculture in this country. Those who fight them by carrying on old grudges from the past are obstructing America's agricultural progress. Such people are as out-of-date, or as malicious, as those who try to foster distrust and antagonisms among the producer, supplier, and processor segments of the agricultural community.

When all is said and done, you and we have the same goal. That is to boost agriculture up to the same level of prosperity and self-fulfillment for the individual farmer that other major sectors of American society have attained.

Let's strive to keep the forward momentum going. Total net farm income this year will raise the average income of farm people to 80 percent of that of non-farm people. We must not let income slip back to levels of the 1960's, when it averaged only 68 percent of non-farm people. I will not be satisfied as long as farmers are working for even 1 percent less than non-farm people. That's the way you feel, isn't it?

We must work to make farming as attractive as the other opportunities facing farm youth. During the decade of the 1960's, we lost an average of more than 100,000 farms a year. Last year, the loss rate was down to 45,000 farms. That's still too many to lose. We all want to do better--and we must make a real effort to re-man the farms of America with younger operators, because we are about 10 years behind right now. The average age of farmers today is 51.2 years--too old for an average. It's essential to find ways for aggressive young farm people to make farming their career.

It is also imperative to avoid excessive production, expensive surplus, and depressed prices. The best answer lies in farm programs that will gradually bring surplus acres back into profitable production, geared to growing markets.

With greater freedom--not less--farmers can build a strong rural economy.

Instead of Government dictation over what and how much you produce, and instead of letting policies of Government determine prices and market conditions, we want to see farmers have more control over their marketing system. Farm production geared to expanding markets can encourage adjustments in output, and improve profit potentials, as domestic demands change and export outlets grow.

The alternative is Government-dominated agriculture, backward-looking almost by definition. When Government calls the tune, production is based on historical patterns and crop histories--yesterday's rotations, yesterday's yields, and yesterday's share of the market. This puts a lid on the individual farmer's incentive to better himself and his family.

Any way you look at it, the farm picture has improved dramatically, compared with only 4 years ago. Stronger prices, expanding exports, reduced out-migration from rural areas, improved farm income--all tell the story. We want to keep on that course, with programs that will move increasingly toward the marketplace and away from Government control. We want you to have the kind of earnings that will give you TV sets, air-conditioning, community services, better schools, and all the other good things that your city cousins enjoy.

The opportunities are at hand for this kind of progress.

We've made a good running start. Much more remains to be done--and I'm confident we can do it. The strength that agriculture has gained in late years will undergird a more satisfying life in the countryside for young folks who choose to remain there. Take agriculture out of a place like Kearney, Nebraska, and there's not much left.

On the other hand, with farmers earning more, with farmers' confidence in their profession strengthened, and with new efforts by the agricultural community to channel private investments in building up rural America, we will enter a new era of rural opportunity and progress.

An expanding agriculture will make it possible--and one of the most important keys to the expansion we seek will be the exciting opportunities opening up in foreign trade. American farmers have a natural comparative advantage over producers in other parts of the world, because of our unique combination of land and water resources, capital assets, and technical know-how. We are in a strong position to compete successfully for overseas markets.

Our position will remain strong as long as we do not push foolishly for artificial rigid supports for our farm products. Such a policy would hurt us here at home and encourage imports and substitutes. If we are not careful, we could encourage production abroad to compete with our farmers for both our domestic and international markets.

In many parts of the United States, artificial price levels for some commodities have been capitalized into higher land values. Trends of that kind invite other countries to slide under your price umbrella, step up their production, and grab markets away from you.

You of the Nebraska Farmers Union are to be commended for keeping your sights set on the real growth potentials for U.S. agriculture--foreign exports. I understand this will be the top item on your agenda this afternoon. Explore all the pros and cons. Examine every possibility, through cooperative action and through teaming up with the USDA foreign agricultural people, for improving your role in the growing export picture. Work everlastingly, now and in the months ahead, at ways to keep U.S. farm products competitive in the markets of the world. We will welcome your suggestions and will work with you in every way possible.

You folks here in Nebraska, and farmers throughout the land, face a chance unequalled in history to contribute to trade and cooperation among the nations of the world--to build new relationships that will have a direct bearing on achieving lasting peace in this old world, and a better day for rural America here at home. You have my most sincere wishes for success.

For P.M. Release, Nov. 29, 1972

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WHERE AGRICULTURE'S REAL STRENGTH LIES

Nearly 20 centuries ago the Apostle Paul wrote his friend Timothy a letter. He spoke of the satisfaction that comes from a job well done and said: "The husbandman that laboreth must be first partaker of the fruits."

Those words contain great truth, and they apply particularly to farmers. You can find them carved in marble over the main entrance to the U.S. Department of Agriculture. They have as much meaning today as in Paul's time--farmers should be the first to benefit from their production.

Producers of food and fiber ought to have first claim on their fair return from their work and risk and investment, because that's what keeps agriculture going. Without the incentives of profits, America would not have the abundance and variety of foods that make ours the best fed country in the world by far. Without a profitable food-producing plant, we would not have safe, wholesome food at the lowest cost in history--nor would we have the means to wage the most massive campaign in mankind's history against hunger and malnutrition.

Without the profit incentives to produce food and feed needed overseas, we would lack the unique strength which America possesses in leading the way to a generation of peace and cooperation among nations.

The underlying power of a dynamic agricultural community comes from producers who earn a good return and are thus able to create opportunities for themselves to do better.

Address by Secretary of Agriculture Earl L. Butz at Annual Meeting of Gold Kist, Inc., Atlanta, Georgia, November 30, 1972, 10:45 A.M., EST.

Take away the incentive to earn profits, put a lid on opportunities to grow, encourage farmers just to get by, by producing for the Government loan instead of real markets--and you will find an agricultural system that's going nowhere.

Progress is being made in gearing farm production to markets.

Events of the past few years prove the truth of St. Paul's words. We are trying to put profit leverage into the effort to target farm output to markets. The task is enormous, and there's still a long way to go. Yet a positive turn-around has taken place, and it has given the great majority of American farmers a new outlook of confidence and hope.

By next June we will reach a \$10 billion level in farm exports--this is the third straight year that foreign sales of U.S. farm products have broken all records. Quite a contrast with the export declines occurring in 1968 and early '69.

In contrast with four years ago when prices were foundering, farmers are realizing better prices for cattle, hogs, grain, soybeans, potatoes and numerous other commodities by keeping their sights set on markets.

In the 1960's we lost farms at an average rate of more than 100,000 a year. That rate has been cut more than half--last year it was 45,000 farms. That's still too many to lose, but it's a sign of progress, and we want to do better. We want to make farming profitable enough to keep aggressive young people in the countryside. The present average age of farmers is 51 years, too old by at least 10 years. Tomorrow's agriculture will demand the vigor, the adaptability, and the boldness of younger operators--and the answer will lie in the growing opportunities they have to "partake in the fruits," as St. Paul put it.

Black ink on the balance sheets shows what the turn-around has meant. Record high gross income this year; the \$18.8 billion in net farm income, highest in U.S. history; net income per farm running 44 percent higher than the average for the 1961-68 period. The improved income picture this year will raise the average income of farm people to 80 percent of that of non-farm people, compared with 68 percent during the 1960's. We want to do still better--I won't be satisfied until the earned income of farm people at least equals that of their city cousins.

We must strive to keep the forward momentum going.

All these changes for the better did not just happen by themselves. They are the results of hard work by many people--by farmers cooperating in the set-aside program, by farmer cooperatives and private firms doing yeoman's work selling and delivering the goods, by dedicated Government workers, and by the teamwork that exists throughout our total agricultural community.

I keep hearing from farmers all around the country that one of the aspects of the change that they like most is their new independence. The Agricultural Act of 1970 eliminated burdensome Government controls from major commodities. Farmers like the increased freedom they have to make their own decisions, and to manage their resources for best market advantages.

This, together with the fact that the 1970 Act gave us new leverage to develop overseas markets, put American agriculture on a course toward expanding sales and bigger earnings. The question now is, do we have what it takes to keep on that course and inject even more dynamics into our agricultural community and its rural environment?

Vital policy decisions are in the offing.

The present Act runs out with the 1973 crops. The incoming Congress, elected for the most part by city people and hence largely concerned with urban problems, will face the task of enacting new farm legislation. During the months just ahead, organizations such as yours and farmers throughout the country will have the opportunity to help formulate policy by taking part in the discussions and submitting your points of view.

Important questions are waiting to be resolved. Do we want an expanding agriculture, or a shrinking agriculture? Do we want voluntary programs, or mandatory programs and rigid controls? Do we want programs that will help farmers stand on their own feet, or do we want farmers to depend on Uncle for a large part of their income? Do we want farmers to have more weight in the marketplace and more "say" over the prices they receive, or do we want markets and trading dominated by Government?

We are at a critical crossroads for agriculture, in light of questions such as these. How they are answered--and how the answers are spelled out in new farm legislation--will have a long-range bearing on where American agriculture goes from here.

In case you have any doubts as to where Earl Butz stands, let me emphasize that I'm for a farm program that will move increasingly toward the marketplace and away from Government controls. I'm for an expanding agriculture that will move reserve acres back into production progressively--not precipitously--so that farm income levels will continue to improve.

I'm for seeing this great agricultural community of ours nourished with profits so that down the road 10 or 20 years from now, America will continue to have the blessings of food abundance. Without profits, without opportunities for farmers to grow and prosper, this country could find itself in an agricultural crisis a few years from now that would overshadow the energy crisis we are hearing so much about.

The coming policy debate could go far to determine the answer to the greatest question of all: Who, eventually, is going to control if not actually own this Nation's agriculture? Are farmers going to have the chance to grow and share in America's economic expansion, as I hope they will? Are they doomed to be swallowed up by super-corporations, as some people warn? Or will they be relegated to being wards of the Government?

Farm organizations face a tough task with this new, increasingly urbanized Congress--and every two years their tasks will become even more difficult.

Cooperatives will help farmers determine their own destiny.

Organizations such as Gold Kist have already given us much of the answer to who will control agriculture. Since that Depression year of 1933 when D.W. Brooks and five Georgia farmers chartered this cooperative, you have proved what farmers can do when they band together to expand their markets, help each other keep production costs down, pool resources for research and product development, and work together single-mindedly for greater profits.

American agriculture as a whole can learn valuable lessons from how you have put your philosophy into action; how you have expanded your farmer-member base to more than 150,000 from the Carolinas to Arizona, at the same time broadening your product base.

You had the vision not to lock in with a single commodity. You branched out from cotton to peanuts; from broilers to eggs; from feeds to soybeans; and now to an extensive line of food products. You have demonstrated your determination to promote products that show profit potentials through volume demand.

Another lesson you are teaching is that farmers succeed best when they try to cater to consumer preferences. You have had rough going with poultry, for example, but it's to your everlasting credit that you took a leading part in revolutionizing the production of broilers. You made this rich protein source abundantly available to the public at low cost--and I commend you for still seeking ways to make it more attractive and convenient for housewives to use.

When I speak of housewives, I refer to homemakers in far-off lands as well as those here in the U.S.A. All around the world, people want to eat better, demands for more nutritious diets are increasing--this accounts for the worldwide scarcity of beef and the efforts of countries like Russia and Japan to increase the animal protein content of food.

Great potential markets are waiting to be tapped.

America, with its technology-intensive agriculture, has a natural comparative advantage in supplying the Soviet Union and the Orient with wheat, feed grain, and soybeans. My hope is that the new farm legislation will enable us to compete vigorously for bigger markets, bringing our productive ability into full play.

By the same token, it's not far-fetched to envision a time when America's technology-intensive food processing capability will similarly give us competitive advantages abroad. Already, I am told, large quantities of the 125 million broilers that pass each year through Gold Kist plants are sold in the growing Japanese market.

You rank as the world's largest processor of peanuts. Here again, top product quality, aggressiveness, and innovation will help you move that important commodity. We of the USDA stand ready to help in every way we can. Currently, we've been having a hand in developing a new consumer form of this product--peanut granules that housewives and institutional chefs are finding useful in scores of different ways. Just suppose that each of the 150,000 member-owners of Gold Kist tried to buy a can of peanut granules. Overnight, a new and valuable food product would be give a big send-off and a new market would be opened up for this overly-plentiful crop.

What you are doing for yourselves is the best kind of 'farm relief.'

During the coming months we can expect to hear a lot about what should be done for agriculture--demands for higher price supports, supply management, guaranteed 100 percent parity, and all the rest. You may also hear demands pointed in the opposite direction--elimination of price supports or radical reduction of export payments, for example. I say that the do-it-yourself efforts of an organization such as yours point to the best way we can take, because that's the way to profitability and independence. We must try to help Congress understand that.

You have created new opportunities. You have broadened your variety of products. You keep in tune with what the markets want. In doing so, you have earned more income--your business volume this past year exceeded \$460 million dollars.

Moreover--and this is another extremely valuable lesson that you are teaching American agriculture--you are promotion-minded. Your decision to identify both your product line and your farmer supply line and services with the name of Gold Kist has given you a brand name and emblem that will be worth hundreds of millions of dollars to you in the years ahead. That's my prediction. Be proud of it--as I know you are--and make the American public proud of it, too.

The Gold Kist brand, and the high quality products it stands for, will go far to help the consuming public in this country and throughout the world get to know better what our great U.S. food machine means to mankind's health and happiness.

You can help yourselves, you can help the entire U.S. agricultural community, by hammering away at the facts of food as a bargain, of food as the first law of life--and the facts of all the cost and effort going into food production. We need your help in developing the public's understanding that farm profits are the best guarantee of a continuing abundance of safe, wholesome food--and that an expanding agriculture based on profitable family farm operations will form the soundest foundation of a strong dynamic rural America.

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For P.M. Release Nov. 30, 1972

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STRATEGY FOR POTATO PROFIT

You who make up the National Potato Council are gathered here for lots of reasons. Primarily, though, you seek ways to peel more profit out of the potato business for potato producers.

The National Potato Council was conceived with that purpose in mind. It has labored hard in pursuit of that goal. It has made progress. It looks forward with that same goal still in the forefront.

The potato business is competitive, market sensitive, and highly consumer-dominated.

Potatoes were first found in South America and taken to Europe in the late 1500's. Potatoes became such an important diet component that it was only natural for British colonists to bring potatoes to Virginia in 1621.

Today, potatoes come about as close to being a universal, everyday diet item as any other food in the United States. The demand for potatoes is highly inelastic; that is, consumers do not substantially increase or decrease the amount of potatoes purchased in response to changes in potato prices. As a result, when potato production changes--prices change more in the opposite direction. Large potato crops usually sell at a comparatively low price, and a crop just a little below market needs returns a strong price. Potato prices, and incomes for potato producers, vary greatly from crop to crop.

Address by Secretary of Agriculture Earl L. Butz before the National Potato Council, Denver, Colorado, December 6, 1972, 7:30 P.M., M.S.T.

You know quite well how this works. The experience of the last two years is an excellent example. The 1972 potato crop is about 8 percent under the 1971 crop--but the price difference is considerably greater. The result will be that you will earn more from your smaller 1972 crop than you did from your larger 1971 crop.

Anytime such market sensitivity and competition exist, producer profits are narrow and risks are great. While potato producers are not alone in producing for such a market, your vulnerability is important and weighs heavily in your future.

Potatoes have gone through and continue to face a merchandising revolution.

Food preparation in this country has been revolutionized. We've mechanized the institutional kitchen almost back to the point of production, and certainly back through most of the processing stages. We have done the same thing in the home kitchen. The trend is obvious and inevitable. Anyone in the business of producing and marketing food must recognize and conform to the trend if he wants to capture a share of the market--and there certainly will be no profit for the segment which does not capture a share of the market.

So far, the potato industry has captured a substantial share of a changing market. Perhaps you can be called trend setters. The growing volume of various forms of frozen potatoes and the increasing number of processed potato products lining supermarket shelves attest to your progress.

Statistics tell the rest of the story. In 1952, per capita potato consumption in the United States had reached a record low--102 pounds per person. Since then, the trend has been reversed. Last year per capita consumption was 119 pounds.

Much of the increase has been the result of the shift to processed potatoes. The shift from fresh to processed potatoes is expected to continue. As a result, a modest rise in total per capita use is expected. By 1980, USDA specialists estimate that per capita consumption will reach 127 pounds.

That 127 pounds will include 95 pounds of processed potatoes and 32 pounds of fresh potatoes. By then fully three fourths of all potatoes will be processed--compared with just over 50 percent today and only 25 percent 10 years ago.

In other words, this good outlook assumes a couple of things. It assumes you will recognize what consumers prefer, and that you will see to it that consumer desires are met.

It also assumes that you will beat someone else to the punch. After all, there are substitutes for potatoes. Housewives may shift to other products. Many a housewife will at least consider buying rice--if rice is easier to fix and more creatively merchandised. Many cereal products can easily crowd potato chip products off the snack counter if you don't work hard to keep that market. When the consumer decides she doesn't want to peel potatoes, she means it. Once she has changed her habits, she's likely to change her family's diet next--unless you have made arrangements to sell potatoes to her in a new form, without the peeling. The consumer decides--and her rule is the law of change.

The uninformed producer is almost helpless in such a torrent of change.

Changes as vast and as constant as those projected for the potato industry--coupled with the high risk and narrow margin of profit which potato producers face--spell headaches and nightmares for an uninformed potato producer. To survive, a successful producer must become a part of a marketing, processing, research, development, and promotion organization. You're amply aware of that as evidenced by the existence and the growing strength of this National Potato Council.

The Potato Research and Promotion Act, passed by Congress and signed by the President on January 11, 1971, was the result of your efforts. This promotion program has been the center of your interest for many years. The program is in operation. I think it's working. I think we will see results, results which will benefit potato producers.

You deserve credit on two fronts. Collectively, through the National Potato Council and through the efforts of potato producers on the National Potato Promotion Board, you are making the program work. Most significant, however, is that no producer, or no bevy of producers, could have achieved this self-help promotion program alone; yet, together, you saw it to reality.

The same thing applies in other aspects of research and development--some of which will come under the purview of the National Potato Promotion Board--and some of which will not.

Probably even more important are the effects which an organization of producers can have--and which an individual producer cannot--over the marketing and processing of potatoes. The days are gone when potato producers can depend upon--or do blind homage to--the vagaries of the market. Market orders, contracting, and integrated operations are potential solutions. The scope of these factors may be limited. They will be difficult to deal with--but they will increase.

The question may not be whether there will be contracting--but will producers contract from weakness or strength? The question may not be whether there will be some further attempts at bringing more order to potato supplies--but will those attempts be run by the government or by producers? The question may not be whether production and processing will be integrated--but who will do the integrating? In all three cases, it seems to me that individual potato producers must look to strengthening their producer organizations.

The question "Who Will Control American Agriculture?" is as pertinent in potato production as anywhere else.

I know how I answer that question. I think I know how you feel about it. I believe that the control of American agriculture must remain in the hands of producers. I know that alternative is best for potato producers--and for all farmers. I am confident that that alternative is best for the industry of agriculture. I am sure that it is best for this Nation's strong economic position in a free and more open world. Further, I believe that it is also best for consumers who want good food--and lots of it--at reasonable prices.

Maintaining the control of agriculture in the hands of farmers will not be automatic. We live in an age in which some people are prone to look to government to solve all problems. Many look to government action--often government control--to solve all of the problems of individual producers. I don't.

Most important, I don't think that government control can ever really guarantee farmer-oriented solutions to the problems of agriculture because, whether we like it or not, government is increasingly urban and consumer-oriented. Government decisions--in the Congress and in the Executive Branch--will increasingly reflect heavy consumer influence. So I don't look to government when I ponder the question of who will control agriculture.

At the other end of the spectrum sits big business. Certainly many large businesses have the resources and the power to move into agriculture, to eliminate some of the risks in farming and to even out the highs and lows in prices, production, and income.

Yet, the particular problems of farm production--financial requirements, management problems, biologic unpredictability, erratic weather, unusual hours--make it highly doubtful that big business would seriously move into farming to make a profit from farm production. This fact is especially true when farm production is contrasted with the abundance of more attractive alternatives which are open to big business.

If big business were to assume some producer risk in the potato business--they would have to find a way to take over some of the control and thus some of the profit--or it wouldn't pay them to assume the risk. So--much as big business might be preferable to government and more efficient--big business does not seem to me to be the right alternative in considering who will control agriculture.

It's clear to me that there is only one answer. At this crucial crossroads where "somebody" must be ready to tackle the marketing, processing, research, development, and promotion interests of potato production--only potato producer organizations can do so while making sure that potato producers maintain control of potato production.

The exact form which producer organizations will take in years ahead may surprise us. We know changes are coming. Perhaps potato producer organizations will write new chapters in farm cooperative history and establish new breakthroughs in bargaining power, new dimensions of contracting relationships, and new standards of organizational responsibility. Whichever way you turn, however, will have a direct effect upon your ability as potato producers to maintain effective control of potato production.

You can have great influence on improvement of the potato marketing system.

Last February, I appointed separate teams to study the agricultural marketing problems of five farm commodities--and one of those commodities was potatoes. Some of you served on that team, and more of you cooperated with the team as it studied every component of the potato industry.

The Potato Marketing Team reported to me in late summer. That report included a careful analyses of the problems which beset potato marketing and well thought out recommendations for action.

I have asked the appropriate agencies of the Department of Agriculture to review those recommendations carefully and promptly, to notify me which recommendations can and will be implemented, and to begin study on those recommendations which require further investigation.

I am delighted to know that you are discussing the Potato Marketing Team's report at this meeting. I challenge each of you to take a very close look. Wrestle the questions which still remain, and evaluate the recommendations made. We want to know what you think about this report.

If there are specific points you wish to emphasize, or further recommendations that you want to come to me with, then bring them. We stand ready and willing to cooperate in any way we can, as long as proposals are not in conflict with the basic policy or legislative directives of the Department. We will do all we can to work with you to make the potato marketing system better.

You have reason for optimism about your profit prospects.

First, recall that the American market is an increasingly affluent one. Prospects ahead indicate that the level of affluence will rise and the extensiveness of that affluence will increase. In other words--it looks like a good market and a bigger market for potatoes down the road.

Second, we have reversed the downtrend in potato consumption. We've proven that potato consumption doesn't have to go down--and that it can grow. Other commodities have substantiated the fact. Citrus is a case in point. Our affluent homemaker decided that, when given a choice, she didn't want to squeeze oranges anymore--and the juice industry responded, and boomed. You can do the same.

Third, you already have the running gears in operation. You are organized. You are attacking your problems together, and you are solving your own problems.

Some people call what you are doing "the American way". I'm among those who do. But it's also the smart way. When you look to someone else to solve your problems, there usually has to be a little something in it for them. If you aren't careful, they end up using you to solve their problem instead of helping solve your problem.

The only way for you to peel a little more profit out of the potato business is for you to do it yourself. The National Potato Council looks to me like a good profit-peeler for potato producers.

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OFFICE OF THE SECRETARY OF AGRICULTURE

BUTZ LOOKS FORWARD WITH ENTHUSIASM TO HIS REAPPOINTMENT:

WASHINGTON, Dec. 6--"I am looking forward with enthusiasm to serving with President Nixon in his second term and exploring the exciting opportunities that lie ahead for farmers, rural areas and all the Nation," Secretary of Agriculture Earl L. Butz said today.

"I am confident that the major accomplishments in agriculture during the first four years of the Nixon Administration will be surpassed by achievements during the second term," Secretary Butz said.

"We face interesting and major possibilities in further expanding our agricultural exports beyond the record \$10 billion expected this fiscal year. This will call for hard work with other countries on trade agreements and arrangements, but there are undreamed of possibilities for expanding our food exports in a peaceful world," Mr. Butz said.

"The rural areas of the countryside have yet to attach themselves fully to the economic uplift that blesses much of the Nation's population, and this will be an important area of opportunity during the next four years," Secretary Butz commented.

Secretary Butz added: "All of us have a vital interest in open space, land use, water, recreational opportunities, and sound development of natural resources. We also have a vital stake in 208 million Americans continuing to produce an abundance for all while treating our environment with respect, concern and understanding so that it can continue to provide us with healthful living opportunities for ourselves and coming generations.

"Farmers have made important gains in the last four years," Mr. Butz explained. "The 1970 Farm Act has permitted them a new and welcomed freedom to make their own management decisions. Farm products have remained competitive in trade overseas and at home, which has expanded markets dramatically and has brought farmers more income from the market. Throughout it all, farmers have remained the most productive major segment in our entire economy and a real marvel in the world," Secretary Butz said.

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STRATEGY FOR AGRICULTURAL PROGRESS

The year ahead will be a period of momentous decision for American agriculture. It will be a year of policy-making, of creating new farm legislation to succeed the Agricultural Act of 1970. It will be a year of hard work, also, of preparing for critical international trade negotiations.

In many respects, it will be a year for determining long-range strategy for agricultural progress. How well we find answers to the many policy questions we face will have much to do with one of the most vital issues of all--who will control agriculture 10, 20, 30 years from now? What course shall we take--toward food production carried on under a free, competitive business system, or as an undertaking dominated either by the Government or a handful of super-corporations?

Right now is the time to be thinking of such alternatives; the positions taken during the coming months by farm organizations and by the Congress of the United States may well establish long-range patterns. That's why the future of agriculture is at stake.

Indeed, even more is at stake. As we enact new legislation and set policy directions, we will be making an impact on this Nation's world posture--which today is a position of strength built largely on the productive power of our American agriculture. It is a position of strength that has a very real bearing on mankind's outlook for lasting peace.

Address by Secretary of Agriculture Earl L. Butz at 44th Annual Meeting of Farmland Industries, Inc., Kansas City, Missouri, December 7, 1972, 10:30 A.M. CST.

The changes in the world during our lifetime give us hope for the future.

As we consider the potentials that lie ahead, it seems appropriate that we pause also to remember the significance of this date of December 7 and all that has happened since that "day of infamy" 31 years ago when America became engulfed in World War II.

Going all-out in production of food and fiber, American farmers played a memorable part in overcoming the worldwide threat of fascist aggression. What tremendous changes have occurred through the years since that war ended! We witnessed the dropping of the Iron Curtain around many countries that had been our allies. We endured the agonies of Korea and Southeast Asia. We lived through the antagonisms and frustrations of the long Cold War, which threatened to flare up into World War III.

We seemed destined to go on as man has done since the beginning of time, writing the chronicle of one generation in blood, only to erase it the next generation and rewrite it in blood.

Yet now, 31 years after Pearl Harbor, a new atmosphere prevails, and we have solid reason to hope for a generation of peace. Leadership, hard work, patience, and the courage to seek new ways for cooperation among nations have created this new climate of hope. And everyone here in this room today has a right to be proud that American agriculture figures prominently in helping build the foundations of lasting peace.

Agriculture's thrust aims at an expanding international role.

As Secretary of Agriculture, I share with you your pride that our American productivity, our capacity to produce in super-abundance, and our ability to deliver the goods--all these helped the President deal from a basis of strength in his historic Summit Meetings at Peking and Moscow. It gives us all satisfaction that the first big breakthrough of cooperative trade with the Soviet Union to come in the wake of those meetings was the huge sale of grain

We look forward with confidence because cool-headedness, vision, and common sense have prevailed. Those are the ingredients of leadership-- leadership not only at the White House and in the Kremlin, but leadership among people in the farmlands and farm cooperatives and American business and industry.

I refer to the sort of level-headed leadership that your organization has had for so many years from John Schulte. In more than three decades of service on your Board of Directors, including 11 years as Board Chairman, John has done a masterful job of guiding you through the turbulent times that I have been describing.

From the days when he first demonstrated his ability as manager of a leading farm supply cooperative in Beloit, Kansas, John Schulte has personified the most valuable asset that the farmer cooperative movement can give to American agriculture--skilled leadership. That's going to be a premium commodity as we move into the future.

The type of leadership John exemplified, and the effectiveness of services made possible by organizations such as Farmland Industries, are key factors in agriculture's thrust toward expanding markets. The States encompassed by Farmland's operations are geared to produce a surplus, far more food than America's 210 million people need. The big growth potentials lie overseas. Contrasted with our 210 million, there are 2 billion people in foreign lands who want to eat better and are becoming able to pay for more nutritious food. This is why you should have great interest--as I am sure you do--in seeing foreign markets developed and expanded.

Many tough obstacles will have to be overcome, however.

Starting next month, for example, we will be negotiating with the European Community to protect the trading rights of American farmers in the new and enlarged Common Market, which will be increased from 6 to 9 member countries. USDA specialists have been working for months to prepare for this—we intend to see that U.S. farmers are not penalized unfairly by the entry of new countries into the Community.

Then, next fall, another major negotiation will begin--worldwide trade discussions under the General Agreement on Tariffs and Trade, seeking to expand and liberalize world trade. This will be the first such world session since the Kennedy Round of the mid-1960's. Farmers lost heavily in that round. Most of the negotiating countries concentrated on industrial products. They were so happy with the prospect of a unified Europe that they overlooked the troublesome problem of the European Community's variable levy on farm products.

Regardless of how the upcoming negotiations come out, you can be sure that agriculture will no longer be a "step-child" in international trade decisions. We intend to make the voice of U.S. agriculture heard. We will do our best to get across the strong position you have helped to formulate in support of open-trade policies.

Between now and the opening of the 1973 round, we can use all the help you can give in explaining to the American public that international trade is a two-way street. Concessions will have to be made, including some in agriculture, for the sake of expanding the base of world trade for the greatest benefit of all. It comes down to the plain truth that in order to get something, we must give something. Genuine give and take is the best way of achieving mutually advantageous trade--and as world markets become more accessible, Farmland and the Midwestern farmers served by Farmland have a far greater stake than any other part of the country.

Domestic decisions will also affect your stake in the future.

We are approaching the close of one of the most spectacular years in U.S. agricultural history. You know the facts--how farm prices have strengthened, how farm export records have been smashed for three years in a row. The rate of farm disappearance has been slashed more than half from the average of more than 100,000 farms lost annually during the 1960's. Net farm income of \$18.8 billion this year is the highest ever achieved.

This success has been aided materially by the Agricultural Act of 1970. More farmers are taking part in commodity programs than ever before. They prefer to operate free of controls, and they like the freedom to manage their own businesses for best market opportunities. We are pleased with the progress that has been made--but there's still a long way to go.

We want farmers to have the ability to stand on their own feet and grow as the national economy grows. The 1970 Act is helping farmers gear their production to profit opportunities in the marketplace--and we won't be satisfied until the farmers of this country have a financial standing that's at least on a par with all other segments of the economy. The 1970 Act has helped us move in that direction, but it expires with the 1973 crops.

As we try to develop the most effective new legislation, we'll be working with a new and more city-oriented Congress. We will also be working in an atmosphere of cost-consciousness. Taxpayers want more economy in Government, and the President means business when he talks about bringing Government income and outgo into better balance.

Strategy discussions during the coming months will see lots of pulling and tugging. Some people will be pulling for the false security of high price supports and tight controls of supply management. Others will be tugging for cheap food, no matter what happens to farmers--they may be calling for drastic reduction if not complete elimination of price supports and export payments.

All of which means we are going to need all the understanding, cooperation, and statesmanship we can muster to get the best legislation possible. It makes sense to me that we should try to evolve a farm program that will move agriculture increasingly toward the marketplace and away from costly Government controls. I am for an expanding agriculture, that will move reserve acres back into production progressively, not precipitously. In that way, farm income levels will continue to improve while the costs of assistance payments--that are burdensome to taxpayers and vulnerable to action by an urban-minded Congress--can be reduced. Keep in mind that the other side of the coin is bigger sales and bigger profits in growing overseas markets.

Organizations such as Farmland will have an important part to play.

In addition to the strategies for the upcoming trade negotiations and legislative developments, there will be more that farmer cooperatives, farm organizations, and commodity groups can do. They can help assure that we never get into a situation where we can't sell overseas because we have a shortage of commodities in demand abroad--soybeans, for instance.

I'd like to see more farm groups follow your lead in striving for increased efficiencies that will keep American commodities competitive, price-wise and quality-wise, in the markets of the world. We need more of the cost-saving services you supply, more of the kinds of research and development that you are carrying on so effectively.

In the era of opportunity that lies before us, we also need much more of the down-to-earth market promotion that Farmland is pushing. Equally important, we will have urgent need for far greater involvement of young people in agriculture, such as you are encouraging. It's good to see Farmland welcome the participation of young leaders in your local boards and local activities.

As never before, we need to tell, and tell again, the story of American agriculture.

Everything I have touched on interrelates--all the challenges before us have a bearing on the potential for modern, dynamic American agriculture to expand and increase the stature of rural America. All the points I have discussed are parts of a whole--whether we are talking about improved farm income, stronger rural communities, or greater success in the markets of the world.

It is imperative that the American public, and its legislators in the House and Senate, have a thorough understanding of the essential meaning of a forward-moving agriculture to the Nation's welfare.

You of Farmland are to be commended for your willingness to help increase that understanding--for deliberately taking on that crucially important assignment. You have repeatedly demonstrated your readiness to spend hard-earned cash to tell the story of agriculture in full-page ads in major consumer centers and in national magazines.

Farmers everywhere owe you gratitude and respect for your efforts in the area of public communication. Your messages have dramatized the fact that food in America is the greatest bargain on earth--and that message will bear repeating many times.

You also pioneered in emphasizing the fact that farmers are the Nation's No. 1 ecologists--and the fact that agriculture is a wellspring of economic power, sustaining the livelihoods of millions of people in rural America and millions more in industries which serve and supply farmers or process and market products from the farms of our Nation.

In these ways, as in your day-to-day business operations, you are demonstrating the tremendous potential that farmer cooperatives possess. You are taking a leading role in helping farmers shape their own destiny. With the kind of spirit and enlightened effort that you exemplify so well, I am confident that destiny will be a triumphant one.

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Advance for Release at 6:30 A.M.CST, Dec. 7, 1972

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FREE MARKETS FOR FREE MEN

Farmers have mixed feelings about futures markets. Sometimes those feelings depend upon whether farmers are long or short, and upon whether the price is going up or down. Sometimes farmers are just plain skeptical--perplexed by the mysterious inner workings of futures markets. You might say that those farmers aren't either "bullish" or "bearish"--they are just a little "mulish" on the market. Yet, farmers are using futures markets more and more--either directly, or indirectly through their cooperatives and by contracting with their grain elevator or food dealer.

The rapid expansion of the Chicago Mercantile Exchange in recent years attests to this increased use of forward marketing. Your expansion into foreign currency futures contracts, with the establishment of the International Monetary Market earlier this year, is evidence of your growing involvement in world trade which is so vital to the economic health of our economy, including farmers.

Your headquarters which we dedicate tonight symbolize a new era in agriculture, an era in which futures trading may become a more important feature of more sophisticated marketing, and a free agriculture. As we set forth in this new era, let's place in perspective something which we may take for granted--the fundamental wisdom of the free market system for agriculture.

Address by Secretary of Agriculture Earl L. Butz at the Dedication Banquet of the Chicago Mercantile Exchange Building, Chicago, Illinois, December 9, 1972, 8:00 P.M., C.S.T.

Any economic system--no matter how it is characterized and no matter how mixed its form might be--must have some system for determining prices. Even in the most tightly controlled economy, there must be some method of determining who gets what--because there is never enough for everyone--and that is usually done with a system of prices to ration scarce commodities.

There are generally three alternative means of determining prices: 1) the government control system; 2) the monopoly or cartel system; or 3) the free market system. We have had experience, of sorts, with each.

Government price setting has taken several forms.

Occasional attempts have been made by both the Congress and the Executive Branch of the Federal Government to bring Government encroachment into the free market with a heavy hand. This has been especially true in times when the free market has been under stress.

One instance of such stress was during the Great Depression of the 1930's. The Government moved in, with the National Recovery Act and the Agricultural Adjustment Act for example, with almost dictatorial control.

During World War II, when severe product shortages had an explosive effect upon prices, Government moved in with price controls again, for totally different reasons this time.

One year ago last summer, after a decade of troublesome inflation, the Government moved in with wage-price controls.

In each of these three examples, the country generally welcomed such action. In none of these cases, however, was there unanimous approval. In all three cases, something had to be done. In all three cases, no other alternative seemed to be effective enough to satisfy people.

Our long-term experience with price control measures has not been good. Irregularities develop and become very irritating, and we have always backed off. As we recovered from the Great Depression, controls were loosened. Yet, remnants of control established during the Depression still remain.

After World War II--perhaps because of bitter irritations over price controls and rationing--we backed off precipitously. As a matter of fact, we perhaps backed off too quickly. Once government controls are instituted to dam up the forces which normally flow into the market in a mix to determine prices and resource allocations, the very intense pressure created just cannot be quickly or simply released without explosive repercussions.

We are now in the midst of a great national debate over how long we should maintain current economic controls, how they should be relaxed, and how rapidly that relaxation should come. One thing is clear--there is pressure to return to our historic pattern of a relatively free market. Pressure for ending the wage and price controls comes not only from producers who want the freedom to increase their prices. It also comes from labor organizations who want the opportunity to obtain what they can through free collective bargaining.

Another current topic of national debate is indeed related to the price controls implemented in 1971. The fuel energy crisis which we may face this winter offers these serious questions: Have we made a mistake by putting a lid on gas prices? Did the lid discourage needed development of fuel supplies? If we had not put on that lid, would we have enough gas now? The answers remain to be determined. The situation clearly questions the wisdom of government controls as a meaningful and effective price setting mechanism in a free society.

Farm programs are one specific attempt by Government to manipulate price and production in agriculture. Beyond the successes which some programs have yielded, over time the results have been mixed. Except for the recent brightening of farm prices--aided by large grain sales to Russia and China--our experience with price supports has been this: price supports generally encouraged production and paved the way for an accumulation of surplus stocks; then, as prices strengthened, Government stocks were dumped on the market pushing prices down; then support levels really became ceilings instead of floors. In retrospect, massive programs to affect farm prices have sometimes produced disappointing price ceilings rather than effective price floors.

We have also had some exposure to cartels and monopoly.

Historically, Europe had experience with market cartels. We in this country chose not to have them. Many years ago, with the Sherman and later the Clayton Anti-trust acts, we decided publicly against pricing through outright monopolies.

We have veered from that rule in certain exceptions. Public utilities are the primary example. In such cases, though, the pricing power of monopoly has been carefully constrained by rigid Government control designed to protect the public interest.

Sometimes we question the wisdom of even those special controlled monopolistic enterprises. If you don't believe it, talk with a few rural telephone subscribers right here in Illinois who have been dissatisfied with their telephone service. They really have had no other alternative telephone company to turn to, and they don't have the patience to train carrier pigeons nor the time to write out a note for the pigeon to carry to the firehouse--several miles away--when their barn is on fire.

I mention this example neither to criticize our public decision to allow certain public utility monopolies nor to badger telephone companies serving rural communities. I merely submit this example of evidence that there are disadvantages to such a system--especially when there is little or no competition to "shake up" the system or force economies and improved services.

We have experienced trading cartels on the international level. The results have not been good. Our experience with the International Grains Agreement for wheat has been most significant. The idea of the agreement was to maintain world prices within an agreed range by agreeing that Nation's wouldn't pay less than a certain floor level--or more than a ceiling price--for wheat. The results have not been very helpful to American farmers.

When the price got down to the floor, some countries found ways to skirt the spirit of the agreement and reach a price arrangement that went through the floors. Enforcement provisions were not strong enough to force compliance. So, we were hurt by sticking to our word, while others capitalized on the situation.

As long as we were committed to the agreement, the relatively low price floor ended up being a price ceiling for us. I won't go into further detail, but the results are clear. In this case, a cartel hurt American farmers and shackled them from exercising their comparative advantage in worldwide food production and marketing.

America has predominantly a free market economy, especially in agriculture.

Basically, American agriculture comes closer to being the embodiment of the free market philosophy than does any other major industry. When economics professors explain the free market and pure competition to their students, about the only examples that come close to filling the bill are certain farm commodities.

Generally, we have a modified free market, and we vary those modifications from time to time. Yet, when wisdom prevails, we keep returning to the free market concept.

Wisdom prevailed last summer in the controversy over food prices. If the controls over food prices, which many uninformed people proposed, had been implemented, they would have done more harm than good. Such controls would have intensified the real problem.

The problem in the food price controversy--if there is one--was that the supply of farm products, while large, just was not great enough to match the exploding consumer demand and ration supplies at the old price levels. Controls on food prices would have served as a dis-incentive for greater food production. What we really needed was to let the market function, to let prices signal producers that more food was needed. Fortunately, wisdom prevailed and controls were not instituted.

We must continue a relatively free market for farm commodities if we want to continue to have an adequate food supply in this country. If consumers want more meat, for example, then we must not roll back meat prices. That will merely make the problem worse. Let meat prices tell farmers to produce more meat--and that added meat should be forthcoming.

Indeed, cattle numbers on farms are now increasing, in response to the higher prices of the last year. This means more beef in the years ahead--not less.

The biggest problem with trying to adopt a little bit of control over the market system is this: once you are riding on a system involving controls, it's very difficult to dismount. Confucius summed it up pretty well centuries ago: "He who rides a tiger should have plans for dismounting."

The current wage-price controls are a good example. The Administration has said that we'll keep them only as long as necessary. We do want to continue to dampen the fires of inflation, but we are determined to return to the historic free market as soon as possible.

The Department of Agriculture subscribes to that philosophy. First and foremost, we know that the free market system is part of the reason for the greatness of American agriculture.

Furthermore, we know what would happen if we were to shift from our predominantly free market orientation and opt for government administered prices. The sheer numerical political strength of those who believe in a cheap food policy would soon strike the foundation from under our great agriculture and destroy the very thing which has made agriculture great.

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America's farmers are the world's most efficient and productive. The primary reason is our free market orientation. Our farmers are still individual entrepreneurs. Farming is a unique example of an industry operated by a large number of individual profit-seekers--who still operate in a relatively free market.

Farmers don't have patents, licenses, franchises, or escalator clauses. Labor can go out on strike to extract from employers an escalator clause in their contract to guarantee long-term protection against loss. Farmers have no similar protection. The courts uphold the validity of area franchise agreements in business. Farmers have no such protection for their markets. Licenses limit entry for some professionals; patents protect the creativity of others. Farmers have no such protection.

Farmers shop for the best selling price in a relatively open and free market. Sometimes they sell for cash and immediate delivery. Sometimes they forward sell. Sometimes they store their crop to deal later for a better price or for a sale which they can defer into the next tax year.

In both buying and selling, farmers make decisions in the marketplace seeking to maximize their net return. Farmers seek to make a profit, and the process boils down to pricing and dealing with those prices. Price is the incentive.

These price incentives, working better in agriculture than elsewhere, have made this Nation's farmers a great asset to the President in his quest for World Peace. American agriculture represents great strength to the entire world. It is a major weapon in our arsenal of international diplomacy. In fact, a boatload of wheat or corn or soybeans could well end up being the cornerstone for building a lasting World Peace.

It is my firm belief that the future prosperity of American agriculture is highly dependent upon whether or not the free market is allowed to function. The free market is, in fact, the best safeguard farmers have against government control which would no doubt be oriented to cheap food. The free market seeks fairness and independence. It is also the best protection farmers have against monopolies or any other group or individual who might know something farmers don't--since the free market reflects that information in its ever-changing prices.

The Chicago Mercantile Exchange is vital to maintaining a free market in agriculture. You help it operate. In fact, with the demise of terminal livestock markets, you contribute materially to the very existence of the free market for livestock. Your growth, your effectiveness, your integrity, and your acceptance are vital.

Your market is extremely sensitive to forces at work in the market. Your large--and growing--number of buyers and sellers assures that. You are efficient. You provide free, complete, and accessible information. Your prices have become an excellent indication of what can be expected in the market down the road.

The Chicago Mercantile Exchange is especially important to farmers and to farmer cooperatives as a tool for use in the market. By your record, you have helped the entire marketing system gain in the degree of confidence held by farm people. Maintaining that confidence won't be automatic. It must be earned anew.

I am confident you will earn it. Your own self-regulation, which is intense and disciplined, will be a major factor. The U. S. Department of Agriculture's Commodity Exchange Authority will do its share to see to it that there is no concentration of power. As a result, farmers need not fear manipulation in your market as a result of a concentration of power.

The Chicago Mercantile Exchange has experienced phenomenal growth. You have just added a significant new dimension with your International Monetary Market dealing in foreign currencies. You have already moved into a magnificent new building. Most important, you are helping to lead the way into a new era for American agriculture--a free American agriculture bolstered by your emphasis on "Free Markets for Free Men."

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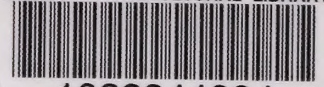
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